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AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES APPROPRIATIONS FOR 1995

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HEARINGS

BEFORE A

SUBCOMMITTEE OF THE

COMMITTEE ON APPROPRIATIONS

HOUSE OF REPRESENTATIVES

ONE HUNDRED THIRD CONGRESS

SECOND SESSION

SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES

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NEAL SMITH, Iowa	

ROBERT B. FOSTER, TIMOTHY K. SANDERS, and CAROL MURPHY, *Staff Assistants*

PART 7

TESTIMONY OF MEMBERS OF CONGRESS AND OTHER INTERESTED INDIVIDUALS AND ORGANIZATIONS

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AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION AND RELATED AGENCIES APPROPRIATIONS FOR 1995

TESTIMONY OF MEMBERS OF CONGRESS AND OTHER INTERESTED INDIVIDUALS AND ORGANIZATIONS

TUESDAY, MARCH 1, 1994.

RURAL DEVELOPMENT

WITNESSES

HON. BILL K. BREWSTER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF OKLAHOMA

JOHN FREEMAN, CHAIRMAN, RURAL ENTERPRISES, INCORPORATED BOARD OF DIRECTORS

TOM SETH SMITH, EXECUTIVE DIRECTOR, RURAL ENTERPRISES, INC.

Mr. DURBIN. This meeting of the Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies will come to order.

Welcome. Mr. Skeen of New Mexico.

Mr. SKEEN. Thank you, Mr. Durbin of Illinois.

Mr. DURBIN. Our first witness is a treat for this subcommittee. The gentleman from Oklahoma who has become a real legend in Congress in a very short period of time, the Honorable Bill Brewster of Oklahoma.

Mr. SKEEN. You talk about a legend.

Mr. BREWSTER. Mr. Chairman, it is certainly good to come before your committee today and visit with you and Mr. Skeen. My predecessor, Wes Watkins always tells me to remind you that had he not left Congress, he would be Chairman of this committee. I am sure you are glad he did.

It is my pleasure today to come before the committee again as I have the last two years with an organization, Rural Enterprises of Durant, Oklahoma, which has been extremely important to the economic development of our whole area. They can actually lay claim to a lot of the success we have had in attracting new industry, expansion of current industry. We have got many positive things happening.

They are here today to ask for a continuation of the $433,000 in funding from USDA and an additional $79,920. Testifying today is the chairman of our board, who is also chairman of a bank holding company in my district, in McAlester, Oklahoma. So it is a pleasure to introduce John Freeman, who is both the chairman of the board of REI and a tremendous friend.

John.

Mr. FREEMAN. Thank you, Mr. Brewster.

Mr. Chairman, I have submitted written testimony and I am going to give a summary of it. My position is chairman of the board of Rural Enterprises, with branches in Stillwater, Holdenville, and Maude, Oklahoma, all communities in Congressman Brewster's Third District.

I appear before you today on behalf of Rural Enterprises, Incorporated to request continuance of the funding by the United States Department of Agriculture in coordination with the Cooperative Extension Service for the purpose of creating jobs. Our efforts are directed toward entrepreneurship of new business in industry and economically depressed rural Oklahoma.

The rural technology application team evaluates development in industrial technology of over 300 Federal laboratories nationwide, seeking to match clients who are prospective users with the advanced technology discovered during evaluation.

It also provides technical advice and in some cases provides hands-on technical assistance to small manufacturers. The industrial incubator program provides startup businesses a stable foundation on which to build profitable concerns. The program has created approximately 210 new jobs since its inception in 1985.

Oklahoma is ranked seventh in the U.S. in number of incubators, with 15 facilities. Rural Enterprises administers 10 of these facilities. Complementing the industrial incubator program is Rural Enterprises food project, the result of a competitive grant awarded by the Office of Community Services.

In September of 1993, OCS awarded Rural Enterprises a $500,000 grant for an equipment pool to help meet equipment needs for new industry and business. Rural Enterprises financial services packages short- and long-term loans and is a certified development company for the U.S. Small Business Administration.

Perhaps this is the most important of the work that we do. Rural Enterprises draws on local, State, Federal and private funding sources to structure loan packages best suited to the client's needs.

Total loan packages funded since 1983 total over $35 million. We have created or retained 2,066 jobs in our southeastern quadrant of Oklahoma. Since 1989, the loan default rate stands at zero, while our Ozark Corporation for OCID, for Innovative Development lending program, has a default rate of 1 percent in the past five years.

Of course, all of these, as you know, require a turndown by a bank, and as president of a bank, I am beginning to wonder if we don't turn down the good ones to get to the bad ones, because our default rate is higher than that of our bank.

These loans represent an average loan size of $55,000 per business. The total pools of intermediary funds administered by Rural Enterprises, Incorporated is $3 million. These lending decisions are a cooperative effort of the Rural Enterprises board, staff, and local leaders.

An example of this type of cooperative effort is the location of a company in my hometown in McAlester, Southern Star Foods. This is a poultry deboning plant. A $5.1 million financial package for this firm was prepared by Rural Enterprises' Financial Services Division with assistance from my bank in McAlester and the U.S. Small Business Administration and the McAlester Economic Development Service. This company opened in February of 1993 with 200 employees, and today employs over 400.

The continuation of the $433,000 in funding from USDA and the additional of $79,920 in funding through the Cooperative Extension Service will allow Rural Enterprises to continue expanding economic development efforts that USDA funds have provided since the first agreement between Rural Enterprises and USDA before 1987.

It is my opinion if as a Nation we are to remain competitive, we must improve, one, our ability to discover new technologies; two, get such technologies to the production shops from the laboratories; and three, provide avenues of financing for new and expanding rural small businesses.

Because small businesses have the least access to new technologies and risk financing, organizations such as Rural Enterprises, Incorporated are crucial to filling these gaps. With this committee's endorsement of support for continued funding, Rural Enterprises will be able to build on its solid foundation of assistance to the rural business and industry clients, and ultimately strengthen our Nation's position as one that is economically competitive.

Thank you for allowing me to present this testimony, and if there are questions, our Executive Director, Mr. Tom Smith, is here with me. If you have questions, we will be glad to try to answer those.

Mr. DURBIN. Mr. Freeman, with a zero percent default rate, Mr. Skeen and I are going to recommend that you have a position in the Federal Government here. The Farmers Home Administration needs you and a few others. We want to send you right back over there, and I am sure your stockholders back home will understand. That really is an amazing story, and very encouraging, too.

What kind of longevity do these businesses have? You have been around now for 13 or 14 years. Small business is notorious for failing over a certain period of time. And even if they don't default, how many live on and prosper? What kind of success rate?

Mr. FREEMAN. We have a very good success rate. Tom has been with the organization longer than I have, but personally I am only aware of two that have defaulted since I have been on the board.

Mr. SMITH. That is correct. We have had two liquidations throughout the term of these loan programs.

Mr. DURBIN. Out of how many businesses?

Mr. SMITH. Our portfolio averages right now, we have—of course, we have some payoffs that have occurred, but totally we have funded right out about 30 businesses out of these particular loan programs.

Mr. DURBIN. You are saying the 28 are still in business?

Mr. SMITH. Yes, sir.

Mr. SMITH. Yes, sir.

Mr. DURBIN. That is an amazing story. We can learn something from what you are doing in Oklahoma. Mr. Watkins will be glad I said that, too. He told us that for years. Now we have testimony to that effect.

Mr. SMITH. Congressman Brewster has been a good champion for us, too.

Mr. DURBIN. Joe Skeen.

Mr. SKEEN. Thank you.

I don't have any questions. I just want to make this observation. It is probably one of the most difficult areas of financing, rural communities. First of all, not very many people in the lending business ever understand what an agricultural or rural business has to contend with. On a recent talk show with my friend Mr. Durbin, we were talking about what we do in this Agriculture Committee, and we were talking about agricultural enterprises. We get a call from some fellow down in Georgia, who says, Why can't you run agriculture like we run our business? I had a long answer I would have liked to have given him, but I withheld.

One piece of advice I have for people who want to criticize what we do in rural communities is, if you are a businessperson, you think you are really worth your salt, invest in one of these little rural businesses. If you want to really experience if you can handle the business, we welcome you in here to join the crowd. But I admire you folks who do the financing. It is a tough, tough situation. I appreciate what you have done. It is a good record.

Mr. DURBIN. John Myers of Indiana.

Mr. MYERS. Thank you, Mr. Chairman.

Tom, I have been there before. Wes had me down there.

Mr. SMITH. We were happy to have you with us.

Mr. MYERS. He kept coming back and bragging and telling us how great it was. It is good to see the success that you have had. Wes was certainly a champion of it.

Bill, you carry on in those traditions.

Mr. BREWSTER. In addition to the financing side, they have packaged most of the small businesses loan applications for securing financing elsewhere. They do a tremendous job with all the small business. They do the financing on a lot of it or parts of the financing, but they do the packaging on a heck of a lot of others. When you can lay claim to 2,066 jobs in my district, that is important.

Mr. SKEEN. I think that says a whole lot. One of the things we have never learned to do across the board is take rural businesses and learn how to package them. And I think that is probably key to this thing.

So once again, I commend you on being pioneers. We have got a lot to teach the rest of them.

Mr. MYERS. Bootstrap.

Mr. DURBIN. We have 69 million Americans who live in small-town America, that is about a fourth of our population.

Mr. MYERS. That is real living, too.

Mr. DURBIN. But the sad commentary is that our poverty rate in rural America is still higher than urban America. We like to see things like this to change it.

Thank you.

[The information follows:]

RURAL ENTERPRISES, INC.
TESTIMONY BEFORETHE HOUSE OF REPRESENTATIVES AGRICULTURE, RURAL DEVELOPMENT, AND RELATED AGENCIES SUBMCOMMITTEE ON APPROPRIATIONS

March 1, 1994

WITNESS:
JOHN FREEMAN, CHAIRMAN
REI BOARD OF DIRECTORS
DURANT, OKLAHOMA

Mr. Chairman, as Chairman of the Board of Rural Enterprises, Inc., in Durant, Oklahoma, I express my thanks for the opportunity to address this committee on a matter of crucial importance to this country's economic future. Specifically, we are addressing assistance to small businesses and entrepreneurs in areas that make a difference in the success or failure of such entities.

Rural Enterprises, Inc., is a private non-profit (501-C3) economic development corporation established in 1980 to provide assistance to individuals and businesses to improve the economic conditions of our service area. REI was formed to provide a diversity of services that were needed to develop prospective businesses and to assist existing businesses with chances of survival in an economically depressed area by applying a combination of innovative economic development tools consisting of:

- Financial packaging services including SBA 504, SBA 7(a), conventional loan guarantee program, CDBG, FmHA Business & Industry, FmHA Infrastructure, Intermediary Relending Program, OIFA and Ozarks Corporation for Innovation Development;
- Database searches of NASA/Recon unclassified databases and over 700 commercial databases; a full document ordering service; technology transfer; innovation evaluations; promotion and encouragement of innovative ideas through new product and process fairs;
- Incubator assistance; and industrial development services. USDA's assistance has enabled REI to increase efforts toward regional economic enhancement, specifically to:
- Expand the geographic area in which tenants are recruited for the ten incubators in which REI is involved in Durant (3), Hugo, McAlester, Atoka, Bennington (3) and

Stigler, and provide support services for incubator tenants and explore the feasibility of building additional incubators in the state of Oklahoma.

- Participate in the continuing New Product and Process Fair, thereby encouraging the development of innovations.
- Solicit and evaluate new products and processes which may result in the establishment of single product industries or maintain the flow of new products for existing industries.
- Develop and continue an active literature program describing the services available through Rural Enterprises. This material is distributed as an outreach effort to other states, as well as within Oklahoma, to broaden economic development efforts.
- Provide financial loan packaging assistance in support of job creation opportunities.
- Assist in plant expansion and manufacturing process improvement of existing small businesses.
- Provide assistance to the Oklahoma Cooperative Extension Service including technology development consultation, patent searches, technology searches, and document procurement services. Specific services that have been improved through USDA's funding and examples of assistance provided through these services include:

Industrial Incubators: Rural Enterprises' Industrial Incubator program was created in 1980 with three incubator facilities located in Atoka, Hugo, and McAlester. Since its inception, this program has expanded to include a total of ten incubator facilities in Durant, Hugo, McAlester, Atoka, Stigler and Bennington. Through the small businesses located in these facilities, 210 jobs were created.

REI's Industrial Incubator program offers beginning businesses a stable foundation on which to build long-term profitable concerns. These facilities consist of buildings for the specific purpose of starting new businesses and are designed to accommodate a variety of manufacturing industries. Buildings range in size from 4,800 sq. ft. to almost 12,000 sq. ft. and have housed businesses such as machine shops, metal fabrication companies, electronic assembly and biomedical engineering firms.

One of REI's newest incubator tenants is a manufacturer of hammer dulcimers, an ancient folk instrument that has experienced a tremendous revival in the last 20 years. This tenant's musical instrument and recordings are sold nationwide. Another incubator tenant has a primary line of children's furniture with additional lines of decorative oak shelves and clocks. Currently this tenant is working on a $50,000 furniture project for a school system. Cooperation by the local vow-tech has enabled the company to set up an assembly line and complete other modifications to the facility.

Complementing the Industrial Incubator program is REI's Equipment Pool project, the result of a grant awarded by the Office of Community Services(OCS) Discretionary Grants Program. In September, 1993, OCS awarded REI a $500,000 grant for an Equipment Pool to help meet equipment needs for new business and industry.

Financial Services: REI has been a Certified Development Company for the U. S. Small Business Administration since 1982. REI's Financial Services Division has provided technical assistance to entrepreneurs and businesses in obtaining financing totaling over $35 million since 1993 and 2,066 jobs have been created and/or retained in southeast and south central Oklahoma. Since 1989, the loan default rate for REI's Intermediary Relending Programs (IRPs) stands at 0% while REI's Ozark's Corp. for Innovative Development (OCID) lending program has a default rate of 1% in the past five years.

One company which has received assistance through REI's Financial Services Division is a manufacturer of horse and stock trailers. The company made a $1.5 million expansion to its facilities to meet changing market demands. A 30,000 sq. ft. building was added to its existing plant to produce a lighter and more energy-designed, economic trailer. today, the company manufacturers trailers from composite materials, has 300 employees and sales reached $16 million in 1992.

Another company which has been assisted is a poultry deboning plant. A $5.1 million financial package for this firm was prepared by REI's Financial Services Division along with assistance from a local bank and the U. S. Small Business Administration. This plant opened in February, 1993 with 200 employees.

Technology Transfer: REI's Rural Technology Applications Team (RTAT) serves as an intermediary between the research scientists and private business. The Team provides the technical expertise necessary to help define problems and provide assistance to private industry in identifying and applying technology. This assistance is essential to small businesses who are usually oriented toward production and marketing but lack research and development capabilities.

All REI divisions support the Cooperative Extension Service Technology Transfer Agent, who in turn performs outreach services that complement REI functions.

NATIONAL RESEARCH INITIATIVE

WITNESS

RALPH QUATRANO, PRESIDENT, AMERICAN SOCIETY OF PLANT PHYSIOLOGISTS

Mr. DURBIN. Dr. Ralph Quatrano with the American Society of Plant Physiologists.

We will make your statement part of the record.

Mr. QUATRANO. Mr. Chairman, my name is Ralph Quatrano, and I am President of the Society of Plant Physiologists. I am also Professor of Biology and Chairman of the Department of Biology at the University of North Carolina, Chapel Hill. In the American Society of Plant Physiologists, I am also Chairman of its Committee on Public Affairs. Our society is made up of about 5300 scientists, academic, government, and industry, and teachers also from all over the United States and 50 nations.

A critical and important program within USDA that I would like to discuss today is the national research initiative competitive grants program, the NRI. I have had direct experience from two perspectives within the NRI—as a scientist whose research on the mechanisms by which plants withstand desiccation stress was supported by NRI, and as program manager involved in the scientific review process in the NRI in Washington, D.C. for a year.

The NRI is now the primary means by which the USDA broadly attracts and competitively funds the highest quality research relative to food, agriculture and the environment. Since the NRI is open to all scientists working in diverse fields, but all related to agriculture, it has expanded a number of scientific disciplines contributing to agricultural research enterprise in our country.

Furthermore, the competitive research supported by the NRI occurs in all 50 States, at land grant colleges as well as private and State universities.

Hence, it is a key and unique program of the USDA's research portfolio that complements other programs in the ARS and CSRS. This broadly based research effort within the NRI has greatly increased the breadth and diversity of our understandings of how our crops and other plants function and how they interact with the environment. This knowledge base has been the source of information from which solutions to practical problems arise.

Basic biological knowledge of plants as well as plant-pest interactions, for example, can lead to crop protection strategies, ones that are biologically based and that do not involve chemical treatments. For example, plant parasitic nematode worms are among the most devastating pathogens of the world's food crops, causing an estimated damage of about $77 billion in food and fiber crop losses in 1987. Scientists of North Carolina State University, for example, with the support from the NRI, have identified that point in the root where nematode worms feed. This discovery could lead to a genetically engineered plant which is resistant to this pest and may overcome many disadvantages of chemically based pest control strategies.

Plants of this type will have advantages both in productivity and for the environment. This work initially supported by the NRI now has industrial support from companies such as Hybritech Seed, RJR Nabisco and Monsanto.

Further development of the necessary knowledge base is in jeopardy not only because of reduced funding in government programs like the NRI, but also since industry is downsizing their basic research component. To be competitive globally, U.S. agricultural companies will more than ever rely on universities to continue to build an ever-broadening and detailed knowledge base for them to tap for applications.

From personal experience another valuable component of the NRI funding is the support it provides for the training of the next generation of agricultural scientists. My last three-year grant from the NRI helped me support two postdoctoral students who are now professors at Clemson University and Pennsylvania State University, as well as the training of three graduate students. It also allowed three undergraduate students to participate in research that has led to their enrollment in professional schools for postgraduate education.

NRI funding has allowed this example to be repeated hundreds of times throughout the Nation. Hence, the relatively small program of the NRI has contributed substantially to the training of the next generation of agricultural scientists, as well as helping to build a knowledge base that will serve as a source of future applications to the agricultural industry.

However, many programs within the NRI are still operating with startup funds only. They need to be expanded to better address important problems of agricultural research. These programs were able to fund only a small percentage of the new proposals submitted in fiscal year 1993.

This low funding rate, besides meaning that as much as 87 percent of the new scientific ideas were declined, many for lack of funding, also strongly discourages submissions of new proposals because of the effort required for submission versus the poor chance of success.

The lack of necessary funding also results in lower grant awards, thus slowing research progress. The funding crunch increased in fiscal year 1994 because of the budget rescission and other factors which result in a funding of approximately 60 fewer research proposals.

Funding the full $160 million proposed for NRI would be a step in the proper direction to properly fund the important research as originally envisioned by the National Research Council in its report and by Congress in its $500 million authorization.

Mr. Chairman, thank you for an opportunity to testify today. I also have written remarks I would like to submit for the record.

Mr. DURBIN. Thank you. You don't have to sell me on agriculture research. I believe in it. Unfortunately, in Congress we have the equivalent of the Flat Earth Society which is opposed to most scientific advancement, particularly anything involving Federal expenditures. And we do our best to overcome their dim-witted view of the world, and we will continue to.

You have pointed out, for example, the problem of nematodes. I know we have spent a lot of money on this problem, and if we can score a breakthrough here in dealing with it, it is going to mean big cost savings to producers and to consumers.

I am sure there are many other areas that you are working on that have equal or greater promise, and we will do our very best to meet the administration's funding request under very tight circumstances.

Mr. Skeen.

Mr. SKEEN. Thank you. I share your concern, Mr. Chairman.

Doctor, the thing that keeps us in this agricultural ball game is the kind of research you do, because our technology is better than anybody else's. That is why 2 percent of the population can feed the rest of them and do it in pretty good style. We appreciate the work you do.

Mr. DURBIN. Thanks for joining us.

[The information follows:]

American Society of Plant Physiologists
15501 Monona Drive, Rockville, Maryland 20855-2768 • telephone 301-251-0560 • fax 301-279-2996

STATEMENT OF

THE AMERICAN SOCIETY OF PLANT PHYSIOLOGISTS

BEFORE THE

SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT,
FOOD AND DRUG ADMINISTRATION,
AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES

ON

MARCH 1, 1994

RELATING TO THE

PROPOSED FISCAL YEAR 1995 APPROPRIATIONS
FOR RESEARCH AT THE U.S. DEPARTMENT OF AGRICULTURE
NATIONAL RESEARCH INITIATIVE COMPETITIVE GRANTS PROGRAM

Mr. Chairman, my name is Ralph Quatrano and I am Professor of Biology and Chairman of the Department of Biology at the University of North Carolina at Chapel Hill. I am also the Past President of the American Society of Plant Physiologists (ASPP) and Chairman of its Committee on Public Affairs. The American Society of Plant Physiologists is made up of approximately 5,300 academic, government and industry plant science researchers and teachers from the United States and more than 50 other nations.

A critical and important program within USDA that I would like to discuss today is the National Research Initiative Competitive Grants Program (NRICGP). I have had direct experience from two perspectives within the NRICGP -- as a scientist whose research on the mechanisms by which plants withstand desiccation stress was supported by the NRICGP and as a program manager involved in the scientific review process in the NRICGP in Washington, DC for one year.

In 1989, the National Research Council of the National Academy of Sciences produced a report, Investing in Research: A Proposal to Strengthen the Agricultural Food and Environmental System, that called for an expanded public investment in research concerning food, agriculture and the environment. Major recommendations of this report were to increase competitiveness of U.S. agriculture, improve human health and well-being, and enhance natural resources and the environment. As a result, the NRICGP was established in 1991 within USDA with the enactment of the Food, Agriculture, Conservation and Trade Act of 1990. The NRICGP is now the primary means by which the USDA broadly attracts and competitively funds the highest quality research relative to food, agriculture and the environment.

The research supported by the NRICGP includes such critical areas as food safety and processing for value-added products (the importance of which have been exemplified by the recent E. coli outbreaks), entomology, weed science, and biological control research (all important in responding to pest outbreaks and pesticide issues), animal health and well-being (vital for understanding the recent resurgence of tuberculosis in dairy cattle and the transfer of disease from feral to domestic pig populations), plant responses to the environment (critical research for problems such as flooding, salinity, freezing and global change), rural development and ecosystems research (vital in issues such as proper implementation of ecosystem management and in wetlands conflicts).

Since the NRICGP is open to all scientists working in diverse fields but all related to agriculture, it has expanded the number of scientific disciplines contributing to the agricultural research enterprise in our country. Furthermore, the competitive research supported by the NRICGP occurs in all 50 states at land grant colleges, as well as at other private and state universities. Hence, it is a key and unique program component of the USDA's research portfolio and it complements other programs in ARS and

CSRS.

This broadly based research effort within the NRICGP has greatly increased the breadth and diversity of our understanding of how crop and other plants function and how they interact with the environment. This knowledge base has been the source of information from which solutions to practical problems arise. Basic biological knowledge of plants as well as plant-pest interactions can, for instance, lead to crop protection strategies, ones that are biologically based and that do not involve chemical treatments. For example, plant parasitic nematode worms are among the most devastating pathogens of the world's food crops, causing an estimated damage of $77 billion in food and fiber crop losses in 1987. Scientists at North Carolina State University, with the support from the NRICGP, have identified that point in the root where nematode worms feed. This discovery could lead to a genetically engineered plant which is resistant to this pest and may overcome many disadvantages of chemically-based pest-control strategies. Plants of this type will have advantages both in productivity and for the environment. This work, initially supported by the NRICGP, now has industrial support from companies such as Hybritech Seed, RJR Nabisco and Monsanto.

Further development of the necessary knowledge base is in jeopardy not only because of reduced funding in government programs like the NRICGP, but also since industry is downsizing their basic research component. To be competitive globally, US agricultural companies will more than ever rely on universities to continue to build an ever broadening and detailed knowledge base for them to tap for applications.

From personal experience, another valuable component of the NRICGP funding is the support it provides for the training of the next generation of agricultural scientists. My last three-year grant from the NRICGP helped me support two postdoctoral students who are now professors at Clemson University and Pennsylvania State University as well as the training of three graduate students. It also allowed three undergraduate students to participate in research that has led to their enrollment in professional schools for postgraduate education. NRICGP funding has allowed this example to be repeated hundreds of times throughout the nation. Hence, the relatively small program of the NRICGP has contributed substantially to the training of the next generation of agricultural scientists as well as helping to build a knowledge base that will serve as a source for future applications to the agricultural industry.

However, many programs within NRICGP are still operating with start up funds only, and need to be expanded to better address many important problems in agricultural research. These programs were able to fund only a small percentage of new proposals submitted in FY 1993. This low funding rate, besides meaning that as much as 87 percent of the new scientific ideas were declined, many for lack of funding, also strongly discourages submission of new proposals because of the effort required for submission versus the poor chance of success. The lack of necessary funding also results in lower grant awards, thus slowing progress in research.

The funding crunch increased in FY 1994 because of the budget rescission and other factors, which will result in the funding of approximately 60 fewer research proposals. Additionally, in response to requests from the agricultural and scientific communities, the NRICGP created a new program in FY 1994 to fund agricultural systems research out of existing funds. Because the NRICGP created this program out of existing funds, money will be available to fund only three or four agricultural systems grants in FY 1994. The agricultural systems program, and the DOE/NSF/USDA Joint Program on Collaborative Research in Plant Biology, which has been funded from existing monies since FY 1992, currently place further strains on the existing research programs. Funding the full $130 million proposed for NRICGP would be a step in the proper direction to properly funding the important research as originally envisioned by the National Research Council in its report, and by Congress, in its $500 million authorization.

HUMAN NUTRITION RESEARCH

WITNESS

DENNIS BIER, M.D., DIRECTOR, CHILDREN'S NUTRITION RESEARCH CENTER

Mr. DURBIN. The next witness is Dr. Dennis Bier of the Children's Nutrition Research Center.

Dr. BIER. Thank you.

Mr. Chairman, Members of the subcommittee, it is a privilege to submit this testimony on behalf of the Children's Nutrition Research Center. I came to the CNRC last July from Washington University in St. Louis where I was on the faculty for 17 years. I came to the CNRC for one reason, and that reason was a truly unique scientific opportunity: The CNRC is the best place worldwide to conduct research on significant nutritional questions in pregnant women, lactating women, their infants, children and adolescents.

The tremendous opportunities to make an impact in pediatric nutrition are clear. Five of the leading 10 causes of death in the United States are attributable at least in part to the diet, and there are firm indications that most if not all of these have their origins in childhood.

It is much less costly in the long run to understand the nutritional factors contributing to good health, particularly during pregnancy in childhood, than to simply treat diseases. Thus, the mission of the CNRC is to find ways in which better food can produce healthier children now and healthier adults tomorrow.

The CNRC is unique among the ARS human nutrition research centers if having human, animal and plant scientists working together under one roof. We are further unique in that this association occurs on a major medical campus.

The USDA has been a leader in human nutrition research for 101 years, and this research continues to grow in importance. The ARS human nutrition research centers are uniquely well suited to this mission. In fact, one of the reasons that these centers exist is that although nutrition research is increasingly viewed as vital, it is chronically underfunded by other agencies such as the NIH, which has traditionally concentrated on cell biology and more disease-driven questions.

The CNRC has a long track record of producing data, the bulk of which produces data of practical importance to the citizens of this country. These are far too numerous to summarize here. I will mention only a few recent highlights.

For example, our scientists recently found that cigarette smoking severely reduces the amount of mother's milk and alters the nutritional content of that milk. Similarly, we are working at the moment to determine the nutritional needs of pregnant, adolescent girls who have a high incidence of low-birth-weight babies. There is a new area of research we very much need to become involved in. It is now very clear that nutrition contributes to the growth of the human embryo at the most fundamental level.

For instance, I know you are aware of the recent CDC recommendations that all women of childbearing age consume supplements of folic acid, one of the B vitamins. This is expected to reduce the incidence of neural tube defects by about 50 percent. The role of folic acid in this progress is at the most basic level because this event takes place in the first few weeks of pregnancy when the entire embryo is less than two tenths of an inch long.

Similarly, in animals, for example, molecular manipulation of the terminal vitamin C receptor gene can cause deformities in the offspring. We believe such interactions during critical periods of embryonic investment is critical to understand the nutritional needs for optimal development, but we do not now have an active research program in this area. We believe it would take approximately $1 million in new funding to start this effort, which is absolutely essential from the public health perspective.

Finally, we are working to accurately translate research findings about nutritional needs to practical, understandable recommendations about food for the general public. The news media is recognizing the CNRC as a source of accurate nutrition information. In the last two years the annual number of newspaper articles cited by CNRC research doubled to 443, and there were an estimated 43 articles in national newspapers, such news magazines as Good Housekeeping, in addition to a number of radio spots and the like.

We have for many years actively worked with other USDA programs to speed application of our work. In fact, the Extension Service last year placed their national program leader for infant and maternal health at the CNRC. She is the only national program leader based outside of Washington.

We would like to thank Members of this subcommittee for the strong support you have given the CNRC in the past. You are making a high-pay-off investment in healthy children, and we urge you to continue that investment.

Thank you.

Mr. DURBIN. Doctor, I am a big fan of what you are doing and what your center is trying to accomplish. I will do my very best to make sure that with limited resources, we continue to give you what you need to do your final work.

Let me ask you a couple of practical questions, if I might.

We started talking about folic acid and included a reference to it in the last appropriation bill, to try to get some frame of reference in all of the different nutrition programs that we deal with, and to have them focus on it. Since then, there have been some breakthrough discoveries and I believe as a government we are moving forward as a matter of public policy.

Incidentally, I think the State of Texas was ahead of us on this issue, one of the public health departments that really adopted folic acid levels as one of their goals early on.

Dr. BIER. Certain areas of Texas have nodes of increased defects as do areas of New Mexico right across the border. So this is an important health issue in southwest Texas.

Mr. DURBIN. We have the Food and Drug Administration in this subcommittee as well and we have talked to Dr. Kessler about this. I would like, if you could, to share your thoughts on how we could address this issue.

The importance of folic acid is in the very earliest stages of pregnancy, usually before a woman discovers she is pregnant. As a result, it suggests we might be talking about fortifying some foods with folic acid that are common in this country; or at least as an alternative, once a woman has had her first child, to try to put on a diet rich in folic acid, anticipating a second pregnancy. What are your thoughts from a public health viewpoint in dealing with this?

Dr. BIER. I am on the FDA Food Advisory Committee and the Folic Acid Subcommittee. The issue of recurrence of tubal defects was the one easiest to deal with, because a woman who has had a child needs to consume supplements. Unfortunately, that represents perhaps 5 percent of the cases. The more pressing issue is the woman who is not pregnant and has not had a child with a neural tube yet.

It is clear that I think most everyone who has advised the FDA on this have felt that supplements alone are going to be difficult to solve this problem. People just don't take that many supplements. People who are not pregnant, something like 50 percent of the pregnancies are unplanned, so as you know the FDA has been considering fortification options, with regard to replacing foliated grain products.

There is some consensus that that should be done, and in fact our committee did vote for foliation. There were several options presented. One is 70 micrograms per hundred grams of grain of flour, and that is the restoration level of foliate. That is the amount of foliate removed during the milling process.

The second option was twice that amount. Then the amounts went up to as high as five times the amount.

The CDC, which as you know has presented the recommendations for supplemental folic acid, would like to see the higher doses of fortification, because they believe that that will in fact reach the largest number of women with regard to raising the foliate intake.

Right now this is an area of some debate and I don't think there is uniform consensus. My own opinion on this is that a safe approach, meaning restoration or 2X restoration, is the safest approach, I think it is very difficult to find that that would be harmful, and in the meantime what is going to happen to the diet with all of the publicity on this, the changes that are likely to occur with processed foods, et cetera, are probably going to change the background folic acid intake in those women and accomplish the additional amounts necessary.

Mr. DURBIN. Do I understand too that excessive amounts of folic acid pose some health threat to senior citizens?

Dr. BIER. That is correct.

Mr. DURBIN. Is 2X well below that level of danger?

Dr. BIER. Of course one of the problems in science is deciding precisely what that number that causes harm is. There is not an absolute consensus on that. The consensus safe amount that the committee reached in its deliberations would allow 2X fortifications without exceeding that amount in elderly adults.

Mr. DURBIN. What are some common sources of folic acid?

Dr. BIER. Various green vegetables, things of that sort.

Mr. DURBIN. Citrus?

Dr. BIER. Some.

Mr. DURBIN. I have a special interest in the dangers of smoking and use of tobacco products, and I notice your reference to research on nursing mothers and the impact of smoking. I am kind of interested in your personal opinion as to how we can get this message out to pregnant women in America, not only about the dangers when they nurse but also the dangers during pregnancy of smoking.

Dr. BIER. I really—if anyone knew the answer to that question, we would probably be doing it. But I think the success of advertising for smoking, that is, for the tobacco manufacturers, that has been so successful, that I think our efforts should be directed towards similar approaches describing the harms of smoking.

Mr. DURBIN. I know it is a tougher question. I will keep asking it, though.

Mr. Skeen.

Mr. SKEEN. You are very persistent, Mr. Chairman.

Doctor, let me ask you a question in regard to young women in particular dealing with nutrition. You mentioned that most of the new entrants into the smoking habit are young women, who are also those less inclined to have a normal or rational intake of calcium. And we are doing a lot research in the agriculture areas about making milk more palatable and acceptable and so forth, and also encouraging young women to keep their intake of calcium at levels when they are young.

Has this got a lot to do with the extension of our life-span, both from the standpoint of people who practice good nutritional habits but also on the children?

Dr. BIER. I think it is becoming clear that one of the—that the major time that you deposit a significant amount of calcium in your skeleton is just before puberty and during adolescence. This is a crucial time for laying down the backbone of the skeleton for what happens later.

Much of the early research on osteoporosis focused on later in life and has been frankly relatively unsuccessful, and I think it is because we are looking in the wrong place. At least from a pediatric perspective, we feel we have to spend a lot more time making sure the bone is deposited properly in the first place. From the perspective of agriculture, that means dairy products and things that contain high sources of calcium.

Mr. SKEEN. Thank you.

Mr. DURBIN. Mr. Myers.

Mr. MYERS. On your first paragraph when you refer to certain diseases including five which were traced back to diets of early childhood, cancer is one of them. Before another appropriations subcommittee we had Dr. Sam Broder, and I remember last year asking him about the study, about whether it is heredity or environment or diet or many other things that could contribute to that. He told us there is no conclusive evidence at this time, regardless of all the studies they do—I asked him, being a farmer, about red meat. He said, tonight I am going to have a bacon-wrapped steak; does that answer your question?

So contrary to what you are saying here, if you have something, could you provide—not today—provide for us information about early childhood diets contributing towards cancer.

Dr. BIER. I would be happy to do that, but I think my point in that question is more that healthy diets, there is now a fair amount of evidence that antioxidants present in foods may in fact have effects on inhibiting cancer. I wasn't implying that certain foods cause cancer. I think the data for that is really very "debatable," would be a kind word.

Mr. MYERS. We are doing a lot of things. Beta carotene, there are a lot of things we think, but nothing is conclusive.

Dr. BIER. Other foods, for example, the effects of cholesterol on atherosclerosis, are much firmer.

Mr. MYERS. Stroke——

Dr. BIER. Stroke, right.

Mr. MYERS. Cancer is one thing which we have been examining very closely.

Thank you.

[The information follows:]

Testimony by
Dennis Bier, M.D.
Director
Children's Nutrition Research Center

Mr. Chairman and members of the Subcommittee, it is a privilege to submit our testimony to the Subcommittee on behalf of the Children's Nutrition Research Center (CNRC). I came to the CNRC last July from Washington University in St. Louis, where I was a faculty member for 17 years. As a pediatric endocrinologist, my interests include diabetes, cholesterol, and growth problems. The close links between these and nutrition led me into nutrition research.

I came to the CNRC for one reason. That reason was a truly unique scientific opportunity. This opportunity exists today in pediatric nutrition research in general and in pediatric nutrition research at the CNRC in particular. First, the particular -- the CNRC is the best place worldwide to conduct nutrition research on significant questions involving women and children. Because of the unique mix of facilities and scientists at the CNRC, we can do work that no one else can do. Further, since we are located in the Texas Medical Center, we benefit directly from the vast institutional resources and scientific expertise available there.

There is no doubt that there is a great need for the research that we are doing. The relationship between poor nutrition and disease is clear and well-documented.

More importantly, the relationship between good nutrition and health maintenance has been demonstrated repeatedly by the scientific community. My redirection in emphasis is not merely a linguistic tool. As each of you struggles with the issue of health care for all citizens, accessible, affordable strategies that prevent disease should logically receive a higher priority than relatively inaccessible, expensive approaches that address the problem after it has become established.

The tremendous general opportunities in pediatric nutrition are clear. Of the ten leading causes of death in the United States, five -- heart disease, cancer, strokes, diabetes, and atherosclerosis -- are attributable at least in part to diet. Moreover, there are now firm indications that most, if not all, of these begin in childhood. We as a nation should do more than close the barn door after the horse has left. It is much less costly in the long term to develop an understanding of the nutritional factors contributing to good health, particularly during pregnancy and in childhood, than to simply treat diseases. This is precisely what the CNRC is doing.

The Children's Nutrition Research Center is dedicated to work on the food needs of mothers and of children from infancy through adolescence. The CNRC is unique among the ARS human nutrition centers in having human, animal, and plant scientists working together under one roof. We are further unique in that this association occurs on a medical campus. Thus, in an unbroken chain, scientists at the CNRC link basic agricultural research with nutritional investigation in humans. The CNRC's mission is to find ways in which better food can produce healthier children today and healthier adults tomorrow.

The production and consumption of food and its relationship to health have historically been a key part of the mission of the Department of Agriculture. This is the 101st year of human nutrition research in the USDA, and this research continues to grow in importance. Furthermore, the ARS human nutrition research centers are uniquely well-suited to address nutrition research issues of great practical importance to the American public. In fact, one of the reasons that these centers exist is that, although nutrition research is increasingly viewed as vital, it is chronically underfunded by other agencies such as the NIH and NSF who have traditionally concentrated on cell biology and more disease driven questions. Nutrition, by its nature, is a whole-animal or whole-human science. In addition, many of the most important nutrition-health issues require long-term studies to get answers. By and large, NIH nutrition research awards have historically concentrated on shorter-term projects.

The research conducted at the CNRC is peer-reviewed and thus held to the highest academic standards. Further, our scientists compete successfully for research funds through peer-reviewed, competitive processes such as at the National Institutes of Health, and all CNRC research is also overseen by an outside advisory board composed of leading nutrition scientists from around the world.

The CNRC has a long track record of producing excellent research data, the great bulk of which applies directly to nutritional issues of practical importance to the citizens of this country. In order to comply with the Subcommittee's requested limits on materials placed in the record, I will mention only a few highlights.

Calcium Requirements for Children

We are making exciting advances in understanding the calcium needs of young girls and the impact of these needs later in life. We have found that current Recommended Daily Allowances (RDAs) for calcium intake for young girls are not adequate. We believe that children need much more calcium at much younger ages than previously thought. Girls who do not get enough calcium early in life are at greater risk of osteoporosis, a debilitating bone disease, later.

We are also examining the impact of heredity on the body's ability to absorb calcium and build strong bones. Results from this research could help us identify vulnerable groups, such as those at risk from osteoporosis, and intervene with dietary measures.

Dairy products supply about 2/3 of all dietary calcium, so this research has obvious implications both for commodity programs and for feeding programs such as school lunch, WIC, and Food Stamps.

Nutrition During Pregnancy and Lactation

The CNRC has consistently contributed to the important issue of nutritional needs during pregnancy and lactation. The Center has provided data on almost every aspect of diet intake and energy expenditure during these crucial periods for mother and child; data too extensive to summarize here.

As a small practical example, our scientists recently found that cigarette smoking severely reduces both the amount and the nutritional value of mother's milk. Smoking mothers produce significantly less milk. In addition, their milk contains 20% less fat, which is the baby's primary source of calories. This may explain why smoking mothers tend to wean their babies sooner.

Similar work, also with very practical national consequences, is currently underway in our active research to determine the nutritional needs of pregnant teenagers. Very little is known about the nutritional requirements of pregnant adolescents and the smaller babies born to teenaged mothers are a significant financial and social burden both to the families and to the health care system.

Likewise, we have an extremely active research effort in the methods and formula compositions needed by very low birth weight babies, whose hospital care invariably costs more than $1,000 and often more than $2,000 per day. Our approaches are allowing many of these preemies to leave the hospital up to 10 days sooner than they might receiving more conventional formulas and feeding techniques.

From a more basic, but nonetheless practical, perspective the development of a simple, single-cell fertilized egg into a healthy baby is an extraordinarily complex biological process. That nutrition contributes to this process at the most fundamental level is now becoming very clear.

For instance, I know you are aware of recent CDC recommendations that all women of childbearing age consume supplemental folic acid, one of the B vitamins. This supplement is expected to reduce the incidence of neural tube defects by about 50 percent. The role of folic acid in normal closure of the embryonic neural tube, necessary for proper formation of the brain and spinal cord, is at the most basic molecular level of fetal development since the responsible events take place during the first 4 weeks of pregnancy, when the entire embryo is less than two-tenths of an inch long.

In animals, molecular manipulation of a vitamin A receptor gene causes physical deformities in the offspring. Similarly, zinc, a trace element of long-standing nutritional interest in pregnancy because of its role in fetal growth, is now known to also play a pivotal role in early embryonic development since zinc is essential for the binding of certain regulatory proteins, including the vitamin A receptor protein mentioned above, to DNA in order to "turn on" the specific genes required for development.

Currently, due to funding constraints, the CNRC does not have an active research program in these areas of nutrient-gene interactions during critical periods of human embryonic development. We believe initiation of this line of research is crucial for the understanding nutritional needs for optimal development. It would take approximately $1 million in new funding to start this effort.

Metabolic Research Unit

Many of our studies, such as those on pregnant teenagers, require an environment where we can closely monitor our study participants. The facilities are there in our Metabolic Research Unit, but we need additional funding of $3 million to fully staff and operate them. Currently our hours of operation are limited by the lack of staff to care for volunteers who are willing to come in.

Plant Physiology Unit

We also need to fully activate our Plant Physiology Unit. This unit is in essence a very high-tech greenhouse used both to study the basic processes of improving nutrient composition of plants and to grow plants labeled with stable isotopes (non-radioactive tracers) used to follow the absorption and metabolism of nutrients.

By using this unit to produce foods that are labeled with stable isotopes, we can determine how children and their mothers actually use real foods and how that bioavailability is impacted by processing methods. Most nutrition studies focus on nutrients, but farmers, food processors, and consumers are concerned with food, not just nutrients. Bridging that gap is an important part of our work.

One study just getting underway looks at alternative sources of calcium. We have shown that girls in particular do not drink enough milk to get even the current RDAs of calcium. Some people say they can get calcium from other sources, such as vegetables. We have grown green beans with labeled calcium and are beginning a study comparing calcium absorption from those green beans with calcium intake from milk.

Nutrition Information

We are working to accurately translate research findings about nutrient needs into practical, understandable recommendations about food needs for the general public. We publish a quarterly newsletter, "Nutrition and Your Child," that recently won the first Creative Nutrition Education Award from the Pediatric Nutrition Practice Group of the American Dietetic Association. The citation noted that the newsletter "has become an important teaching, educational, and training tool."

The media is also recognizing CNRC as a source of accurate nutrition information. In the last two years the annual number of newspaper articles citing CNRC research doubled, to 443; TV interviews increased almost 60%; radio interviews increased fivefold;

and articles in national magazines, such as Good Housekeeping, Child, Parenting, and others, increased from 2 to 43.

We have also established a Nutrition Information Service that reviews nutritional material for other government agencies, testifies at hearings, such as School Lunch, and answers questions from the public and other government agencies. Members of this group have for many years actively worked with Extension, WIC, Child Nutrition, and other USDA programs to speed the application of our work.

In fact, the Extension Service last year placed Karen Konzelmann, their National Program Leader for Infant and Maternal Health, at the CNRC in order to facilitate this needed communication between nutrition research and nutrition education. She is the only National Program Leader based outside of Washington. This year she has established relationships with a broad range of scientists and educators both in and out of government, and she has conducted a nationwide needs assessment to identify priority issues related to nutrition research, education, and training at the grassroots level.

Conclusion

Our mission is to find ways to produce healthier children today and healthier adults tomorrow. As a byproduct, these studies will also help the nation's agricultural industry to produce more efficiently, to document the nutritional value of their products, and to tailor those products as necessary to better meet the nutritional needs of future generations.

We are doing the best that we can under difficult circumstances. We have had level funding since FY 1992, and we have not increased by more than the inflation rate since 1990. In fact, since 1990 the real purchasing power of our annual appropriation has shrunk by over $1.2 million. Despite this we are making very good progress in our existing programs.

However, our ability to pursue needed, new areas of research, such as the impact of nutrition on brain development and functioning and the impact of nutrient-gene interactions, is severely constrained. Science is now in the process of defining the impact of nutrients on genes that control development of the embryo, as witnessed by the recent FDA-CDC announcements on folic acid and neural tube defects. These new research programs will address very practical needs of pregnancy through studies in pregnant women. The expansion needed to implement these programs at the CNRC will require additional funding of about $1 million.

We thank the members of this Subcommittee for the strong support that you have given the CNRC in the past. You are making a high-payoff investment in healthy children. We urge you to continue that investment by increasing the Center's operating budget by $5 million, to the originally-envisioned full funding level of $16 million, so that we can fully carry out our mission as defined by Congress.

STORED-PRODUCTS INSECT RESEARCH AND DEVELOPMENT LABORATORY

WITNESS

HON. JACK KINGSTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF GEORGIA

Mr. DURBIN. Congressman Jack Kingston.

Mr. KINGSTON. Thank you, Mr. Chairman.

Mr. DURBIN. We are going to make your entire statement a part of the record. If you would like to summarize it, we would appreciate it.

Mr. KINGSTON. Basically, my views, I believe, are shared somewhat, I hate to say in their entirety, but I think generally speaking, by Representatives Cynthia McKinney, Sanford Bishop, Roy Rowland and Senator Sam Nunn, as you can see by the letter we have attached in our statement, attachment A.

In essence what we are talking about is the Stored-Products Insect Research and Development Laboratory, at Saurand, Georgia. When you buy grits, pancake mix, something like that, they try to determine how insects are getting in there and how to prevent insects from getting in there, and work for alternative packaging and that sort of thing. That is part of their mission statement.

The facility is actually located in Representative McKinney's district, but many of the staff people live in mine. I don't believe it would save money to close the facility, because it is leading high-humidity, high-temperature R&D lab in the Nation. So many of the costs incurred because of closing it would negate any potential savings in moving the facility. And that doesn't even talk about the personnel transfers, and I don't believe there is any recommendation to reduce the personnel if we move them to other locations.

Communications from ARS to the lab employees make clear the agency's intent to begin transferring personnel by mid-1994, even though written guidance refers to obtaining congressional approval in the budget. If personnel are moved now, then the mission of the lab is significantly compromised.

ARS has used misleading and unreliable information regarding the condition of the facility site and equipment, and has used inflated estimates of several maintenance items. Rather than go into details on that, I just refer you to attachment B, which shows some of the kinds of repairs that are needed and some that have already been done, and the true costs.

I personally went to the facility about two weeks ago, and while the ARS report says that the buildings are in need of repair, this is a picture of the main building right here, and it is an extremely nice-looking facility. It is far from something that is falling down and outdated and so forth like that. I have plenty of these pictures, but this is not a facility that is about to be blown over by the wind and on which maintenance has not been kept up with.

I have pointed out that moving the lab would not save money. It simply redirects the funds. USDA plans to use the funds elsewhere, and claims that closing the lab would result in savings over a long period of time. This is not borne out by USDA's own figures. There is a great likelihood that USDA will incur significant cost over and above current expenses by trying to close the lab and decommission or relocate the cobalt irradiation unit which is currently housed at the site.

The lab is probably more important now than ever as Congress seeks to reduce the volume of potentially toxic pesticides used in agriculture production and storage. We must maintain ongoing research and development activities such as those conducted at the lab in order to find effective, safe replacements for the more toxic compounds.

In addition, the lab has been responsible for finding alternative methods for packaging, climate control, and biological control to prevent insect damage to commodities and processed foods during transit and storage.

There are a number of letters on this, but I guess what I would say is because of the Southeast, having higher humidity than other agricultural areas, some of the insect problems that we have in the South are unique, and if this lab was moved to the Midwest where it is snowing several months of the year, you are going to have a different type infestation than you would in the South.

That is not necessarily in the written testimony, but that is one of the problems that the scientists have told us, that in order to get a lab which represents the real world in the agricultural business community, you would need to have one that is located in the Southeast.

Mr. DURBIN. Thank you very much for your testimony.

Do you know where this research is to be moved to?

Mr. KINGSTON. There is talk of moving part of it to Fresno, California. There is another similar lab in Florida, I believe, but it is only doing a part of what the Savannah is doing. So as we understand it, the research is going to Fresno.

Mr. DURBIN. The USDA has proposed closing I think 19 different facilities, 18 in the United States and one overseas. And yours is the first testimony raising questions about the wisdom and cost savings of such a move. Thank you for doing that.

You have raised some points that we are going to pursue with USDA. Before it is over, we will have to sit down with them and discuss the rationale of these closings. This won't reach the level of the Base Closing Commission, but it still is important for the people working there and for the missions involved that we ask the tough questions and try to come up with some answers.

Mr. Skeen.

Mr. SKEEN. As I gather, the research is done mostly on grains, insects in stored grain products?

Mr. KINGSTON. Yes, sir. I don't think the exact breakdown of what it is between that and toxics, but I would say that is correct.

Mr. SKEEN. I would think if you were going to do that kind of research, you would go to a place with high humidity. I would have thought they would move it out to where the grain producing area is, and not in California.

Mr. KINGSTON. That is correct.

Mr. SKEEN. It doesn't make a lot of sense to me. Maybe I am missing something.

Mr. KINGSTON. There is a type of bug found in the Southeast they tell me stays in the corn all year long, as soon as the corn is grown, whereas in other parts of the country you would not find that bug staying in the grain year-round. So you are exactly right.

Mr. DURBIN. Ms. Kaptur.

Ms. KAPTUR. I have no questions, Mr. Chairman. I thank the gentleman for his testimony and we will take it to heart.

Mr. DURBIN. Mr. Myers.

Mr. MYERS. You keep bugs out of flour, that is going a long way. In Indiana I keep flour in the refrigerator. I opened it up and it did have bugs in it. I don't know how it got there. I think they packed them in it. They add protein, I don't know.

Mr. KINGSTON. My wife's grandfather, one of his first jobs in a grocery store when he was about 12 years old was to put flour on a sieve to strain the bugs out and put them in the sunshine so the bugs die. It is because of labs like this we don't have to have those jobs anymore.

Mr. MYERS. Good point. Tell me which one goes through the lab so I can buy the right one next time.

Mr. DURBIN. The other possibility is that Mr. Myers needs a new Frigidaire.

[The information follows:]

Statement by the Honorable Jack Kingston

Georgia First District

Subcommittee on Agriculture, Rural Development, Food
and Drug Administration, and Related Agencies
House Committee on Appropriations

Tuesday, March 1, 1994
2362 Rayburn House Office Building
Washington, D. C. 20151

Mr. Chairman:

Thank you for letting me appear today regarding an item in the proposed FY 1995 Agricultural Research Service (ARS) budget. I believe I also represent the views of House Members Cynthia McKinney, Sanford Bishop, and J. Roy Rowland – and Senator Sam Nunn, as indicated by a copy of their letter attached (Attachment A) for the record.

USDA has proposed closing the Stored-Products Insect Research and Development Laboratory (SPIRDL), located in Congresswoman Cynthia McKinney's 11th District in Savannah, Georgia. The facility employs about 39 persons, 17 of whom reside in my adjacent First District.

In closing SPIRDL, USDA does not save any money! Instead, the funds now used to operate SPIRDL would be "redirected" to other ARS locations. Yet, SPIRDL is the leading high-humidity, high-temperature R&D laboratory dedicated to the detection, prevention, and safe eradication of insect pests occurring in stored agricultural products – both bulk commodities, and packaged, processed, value-added agricultural goods. **Closing SPIRDL will likely result in greater costs, not less, and it appears USDA won't wait for Congressional approval of the '95 budget before beginning to close-out the Savannah lab.**

Communications from ARS to SPIRDL employees make clear the agency's intent to begin transferring personnel by mid-1994, even though written guidance refers to "Congressional approval" of the budget proposal. **If significant personnel transfers are already arranged prior to Congressional approval, if any, then the mission of SPIRDL is significantly compromised regardless of the final budget outcome.**

ARS has used misleading and unreliable information regarding the condition of SPIRDL facilities, site, and equipment and has used inflated estimates of several maintenance items. In the sake of time, I would refer the subcommittee to "Attachment B" for a complete analysis of SPIRDL's buildings, equipment, and needed maintenance. I believe you will find SPIRDL is definitely not an "outdated, antiquated facility which would require large amounts of funding to bring up to current standards" as some in ARS have publicized (see Attachments C and D).

Mr. Chairman, I want to be creative and constructive as we seek to reduce levels of Federal spending. However, as I have already pointed out, the funding for the SPIRDL facility in Savannah would not be "saved" since USDA plans to simply "redirect" those funds to other operations. Claims that closing SPIRDL would result in a savings over a longer term are not borne out by USDA's own figures, and there is a very great likelihood that USDA will incur significant costs **over and above current expenses by trying to close SPIRDL and decommission or relocate the cobalt irradiation unit which is currently housed at the site.**

The research mission at SPIRDL is probably more important now than ever before. As Congress seeks to reduce the volume of potentially toxic pesticides used in agricultural production, storage, and transportation, we must maintain ongoing research and development activities such as those conducted at SPIRDL in order to find effective, safe replacements for the more toxic compounds. In addition, SPIRDL has been responsible for finding alternative methods of packaging, climate control, and biological control to prevent insect damage to commodities and processed food products while they are being stored and transported.

Just one of many letters from food and commodity processors is attached to today's statement (Attachment E) to help the subcommittee understand just how important the SPIRDL facility is in helping to ensure a safe, insect-free food supply in the future. This particular letter also underscores the fact that there are no other commercial, academic, or USDA/ARS facilities which can perform the work now being handled by the Savannah laboratory.

The SPIRDL laboratory is the only facility that has the warehouse space necessary to test insect-resistant packaging, treatment protocols for warehouses and packaged products, and methods of detecting and monitoring pest populations in warehouses. Again, this research has become increasingly important with the loss, and pending loss, of chemicals such as methyl bromide, phosphine, and other fumigants.

The location of the Savannah facility also gives it a unique capacity to address the problems of insect pests on stored products in the warm, humid, southern region of the country, where insect pests are active throughout the year. Not only does grain from the region suffer heavy losses, but grain shipments from other regions is exposed to high pest populations as it passes through export terminals in the South, such as New Orleans which is a major export terminal for Midwestern crops.

A laboratory such as SPIRDL in Savannah – with cooperators in Georgia, Florida, South Carolina, and Alabama, and with access to port facilities in the South is essential in testing the effectiveness of alternative control methods in a humid, subtropical climate. SPIRDL works closely with the Georgia ports at Savannah and Brunswick, and through cooperative agreements can thoroughly and effectively test new protocols in a highly cost-effective manner.

Mr. Chairman, I again thank you for allowing me to appear here today on such short notice. I thank you and the Members of the subcommittee for your attention, and for the concern I know we share about finding realistic ways to trim spending, while also protecting our ability to ensure a safe and wholesome food supply for Americans and our world customers in the future.

–END–

Attachment A

Congreſs of the United States
House of Repreſentatives
Waſhington, DC 20515

February 17, 1994

Honorable Mike Espy, Secretary
U.S. Department of Agriculture
14th Street & Independence Ave., S.W.
Washington, D. C. 20250

Dear Mr. Secretary,

We are writing to register our concern about the decision outlined in the FY 1995 budget to close the Stored-Product Insects Research & Development Laboratory (SPIRDL) in Savannah, Georgia, and "redirecting" the funds for other purposes in Manhattan, Kansas, Gainesville, Florida, Fresno, California, and Washington, D.C. This decision would likely not cause as much consternation if the funds were truly "being saved," however, it appears that is not the case.

The SPIRDL in Savannah is apparently the only USDA facility which addresses the problems of insect infestation and insect damage to stored crops (everything from grains to peanuts to processed, value-added products) located in a high-humidity/high-temperature environment. Since the Southeast United States presents a unique challenge in our attempts to minimize stored-product infestation and damage because of the larger number of insect organisms prevalent under such climatic conditions, their propensity to proliferate under such conditions, and -- in many instances -- their strikingly different biological diversity and resistance to existing control methods.

Additionally, since methyl bromide use is to be restricted (or prohibited) by EPA in the relatively near future, the expertise of scientists at SPIRDL becomes increasingly important as we seek environmentally acceptable replacements for this pesticide which is of vital significance to the survival of many types of agricultural production throughout the South and Southeast -- including your home State of Mississippi. Relocation of key scientific investigators, the delays involved in re-establishing their facilities, and the certainty that at least portions of existing experiments would have to be started over at such new locations will cause a critical delay, and almost certainly will hamper our efforts to find effective alternatives for methyl bromide.

Honorable Mike Espy
February 17 1994
Page Two
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Also, your budget document doesn't take into account the fact that SPIRDL currently has on-site an experimental irradiation unit which utilizes radioactive cobalt. We are informed that the costs of de-activating this unit, the possibility of site remediation, and the necessary Environmental Assessments and/or Environmental Impact Statement studies and related activities (which will be very costly) are not adequately reflected in the Department's budget figures and calculations of any cost-savings related to closing SPIRDL. One indication of the additional costs is the recent determination by the State of South Carolina that transportation of the irradiation unit and its radioactive cobalt would not be permitted over highways in that State.

Mr. Secretary, we share your commitment to "continuing work related to the highest priority national research needs." As discretionary funds grow increasingly scarce, we also believe the Department must have some flexibility in order to meet these needs. However, we are concerned that with the decision to close SPIRDL, the Department is creating a research vacuum which it cannot meet elsewhere. Moreover, we are concerned that the costs of relocating or decommissioning the cobalt irradiation facility at SPIRDL may likely negate any "savings" which might otherwise be anticipated by closing the facility.

We urgently seek your attention to this situation, and request that you arrange an opportunity to meet with us at your earliest convenience. Please let us hear from you as soon as possible.

Sincerely,

Cynthia McKinney
Cynthia McKinney, M.C.

Jack Kingston
Jack Kingston, M.C.

Sanford Bishop Jr.
Sanford Bishop, M.C.

J. Roy Rowland, M.C.

Sam Nunn
Sam Nunn, U.S.S.

Attachment B

Stored-Product Insects Research and Development Laboratory in Savannah, Georgia

One principle justification provided by the Agricultural Research Service (ARS) for closing the Stored-Product Insects Research and Development Laboratory (SPIRDL) in Savannah, Georgia, is that the facility is old and inappropriate for modern research. These are the facts:

1. The main laboratory building at Savannah was constructed at about the same time as the laboratories in Gainesville, Florida and Manhattan, Kansas (late 1960's and early 1970's). It is no less modern than either of the other laboratories.

2. The buildings that house the shops and the biological control research program are good steel buildings that were constructed no more than five years before the main laboratory building.

3. A steel research warehouse (120 x 60 feet) was constructed in 1978 and is an excellent facility for research on insect resistant packaging and detection and monitoring of insect pests in warehouses.

4. A cold storage building (43,000 cubic-foot capacity), which was constructed in 1981, provides safe storage for a wide range of products used for insects rearing and research.

5. Six, 1,000-bushel metal bins equipped for aeration, were constructed in 1992 for a biological control pilot test and will be available for other research when this test is complete.

6. SPIRDL has a mechanical grain handling facility that was constructed in 1988. This consists of twelve hopper-bottom bins (1,000 bushels each) and a pit and conveyors for loading and unloading.

7. There are ten 5,000-bushel grain bins (old but still very useful) on site and numerous portable aluminum sheds of various sizes. All of these contribute significantly to our research capacity.

8. SPIRDL has five buildings that were on the site when it was first occupied by the U.S.D.A. in 1945. Four of these were constructed in the 1930's for use by C.C.C. They were faced with brick to match the main laboratory building just before it was constructed. All have been remodeled a number of times since 1965. They are still very serviceable buildings. One houses the pesticide residue lab, another houses chemical control research (it contains special chambers for testing space treatment aerosols) and a third houses research on insecticide resistance and part of the biological control research. The fourth building was recently converted to a single-room warehouse to test M.R.E.'s for the Department of Defense. The other old building on the site is a large

warehouse (date of construction unknown) that was probably on the site when it was part of a fairground. It is in good repair and serves very well as a warehouse. It also houses the fumigation research lab.

9. The SPIRDL research equipment (analytical instruments, environmental control equipment, equipment for automatic data acquisition, computer hardware and software, etc.) has been effectively updated over the last 4 or 5 years and is state of the art.

The ARS justification for closing the Savannah facility also states that the estimated cost of bringing the facility up to modern, safe standards is more than $3 million. The estimate of $3 million was provided by the ARS Facilities Division after one cursory site visit by their engineers and an engineer from the South Atlantic Area Office in Athens. The estimate includes the cost of repaving, correction of drainage problems, major roof repairs, miscellaneous building repairs, a facility deficiency study, work on HVAC systems, utility upgrades, minor renovations and minor alterations. They have an estimate of $29,000 to repave the roads and parking lot. They have already corrected the drainage problem. The main laboratory building needs a new roof and they have obtained an estimate of $130,000. All but two of the other buildings have new roofs. The cost of re-roofing the remaining two would be $7,000 - $10,000 each. The work on the HVAC systems to meet OSHA requirements is probably not needed, at least in the main laboratory building. When the fume hoods in this building are operating, they provide 100% fresh air exchange as required. The fume hood stacks need to be lengthened at a cost of about $8,000. One cannot associate the other items included in the list with any needed work, and they are probably included as "fudge factors." Obviously, this does not add up to more than $3 million.

DEPARTMENT OF DEFENSE
ARMED FORCES PEST MANAGEMENT BOARD
FOREST GLEN SECTION, WRAMC
WASHINGTON, D.C. 20307-5001

Attachment C

February 1, 1994

Dr. Ralph A. Bram
U.S. Department of Agriculture
Agricultural Research Service
National Program Staff
10300 Baltimore Avenue
Building 005, BARC-West
Beltsville, MD 20705-2350

Dear Dr. Bram:

The Armed Forces Pest Management Board Council recently passed a unanimous recommendation to express the Department of Defense's support for research performed at the Stored-Product Insects Research and Development Laboratory, Savannah, Georgia. As was evident from this year's Annual Review of USDA Research of Interest to the Department of Defense, the Department is greatly interested in the Laboratory's stored products research which is of military importance. Their 1994 status report aptly addressed this research.

Of special interest is that research which can be incorporated directly into stored products integrated pest management plans such as insect detection in stored products. The cooperative work of Savannah's research scientists at DoD installations is an example of this research.

We recognize the importance of this stored products research and ask the U.S. Department of Agriculture to maintain this capability in meeting DoD's stored-product research needs.

Sincerely,

Herbert T. Bolton

Herbert T. Bolton
Captain, Medical Service
Corps, U.S. Navy
Executive Director

United States
Department of
Agriculture

Agricultural
Research
Service

National
Program
Staff

Beltsville, Maryland
20705

Attachment D

February 14, 1994

Captain Herbert T. Bolton
Department of Defense
Armed Forces Pest Management Board
Forest Glen Section, WRAMC
Washington, D.C. 20307-5001

Dear Captain Bolton:

Thank you for your letter of February 1, transmitting the recommendation of the Armed Forces Pest Management Board Council to support research performed at the Stored Product Insects Research and Development Laboratory, Savannah, Georgia.

The President's fiscal year 1995 budget proposal recommends closing the Savannah laboratory. Though the laboratory is adequately funded to conduct its planned research, facilities at Savannah are old, inappropriate for today's research, and in need of costly repairs and modernization. The estimated cost of just bringing them up to modern, safe standards is more than $3 million. Further, the Agency has underutilized facilities at the U.S. Grain Marketing Research Laboratory, Manhattan, Kansas, and the Insect Attractants, Behavior and Basic Biology Laboratory, Gainesville, Florida. Redirection of the major portion of the resources to these locations would enhance the disciplinary diversity and critical mass at each. Other portions of the resources would be used to strengthen high priority programs on alternatives to methyl bromide and grain quality issues important to export.

To the extent possible, the Agricultural Research Service (ARS) will continue to address those stored products pest research needs of highest priority to the Department of Defense. We appreciate the Armed Forces Pest Management Board's continued interest in, and support of, all the pest management research programs in ARS.

Sincerely,

RALPH A. BRAM
National Program Leader
Medical & Veterinary Entomology
and Parasitology

Attachment E

Ralston Purina
Company

W. Patrick McGinnis
President
Chief Executive Officer

Grocery Products Group

October 25, 1993

The Honorable John C. Danforth Sr.
249 Russel Office Building
Washington, DC 20510

Dear Senator Danforth:

It has recently come to our attention that reorganization efforts within the Agricultural Research Service of the Department of Agriculture could result in a reduced level of services from the U.S.D.A. Stored-Product Insects Research and Development laboratory in Savannah, GA. This facility has been instrumental in the evaluation of several packaging improvements that have significantly reduced our level of insect-related product complaints. Other grocery manufacturers have similar programs in progress which would be greatly compromised if the laboratory was lost. I would also like to point out that there are no commercial, academic or other USDA-ARS laboratories with suitable warehouse facilities to conduct this research.

Infestation is a problem which costs the food industry millions of dollars per year in the form of reduced productivity, product returns and loss of good will from the grocery trade and consumers. The increasing restrictions on fumigants and the general reduction in grocery sanitation programs have required us to quickly find packaging innovations that can economically and safely provide us with a way to prevent insects from contaminating our products. The direct efforts of the Savannah ARS Laboratory have led to various packaging improvements that have reduced our level of complaints up to 40% in some product categories.

Checkerboard Square
St. Louis, Missouri 63164

Senator Danforth
Page 2
October 25, 1993

In conclusion, our cooperation with the Savannah facility has allowed us to make significant progress against a major problem that affects our business. We are anticipating a long term product and package testing program and have just entered into a funded 3 year Cooperative Research and Development Agreement with the laboratory. We would greatly appreciate your help in maintaining the Stored-Product Insects Research and Development Lab and the valuable service that it affords our industry. Would you please convey our concerns to Secretary Espy. Thank you.

Sincerely,

W. P. McGinnis
W. P. McGinnis

WPM/wm

bcc Mr. Carlo Hansen, 3RN

UNIVERSITY OF CALIFORNIA

WITNESS

DR. KENNETH R. FARRELL, VICE PRESIDENT, UNIVERSITY OF CALIFORNIA, DIVISION OF AGRICULTURE AND NATURAL RESOURCES

Mr. DURBIN. Dr. Farrell, University of California.

Good to see you again.

Mr. FARRELL. Thank you.

Mr. Chairman, I have a written statement which I would ask be included in the record. I will simply summarize that statement.

I appreciate the opportunity to appear before the committee today to present to you two projects that we think are vitally important to the Western region and American agriculture as a whole if it is going to retain its competitive position.

The first of our requests is for continued funding of state-of-the-art research facilities at the University of California, Davis and Riverside, on a matching basis with the State of California, to assist in the development of technologies to reduce application of pesticides and to develop means for more effective control of an array of crop pests which threaten the economic viability of important sectors of American agriculture.

The second request is for funding of a complementary research project to establish a Western region biotechnology consortium to accelerate research on the development of genetically engineered plants to better withstand environmental stress, improve quality, develop new products and provide genetic resistance to disease and insects.

Funding for this project would also be on a matching basis with Western region universities and private sector organizations.

For fiscal year 1995, we are requesting a total of $6 million in Federal funding for construction of pest containment and quarantine research facilities on the campus at UC-Riverside, and for completion of working drawings and initial site preparation for a facility at the University of California, Davis.

The Congress has previously appropriated through the USDA Cooperative State Research Service funds in the current fiscal year, and in each of the two years preceding that, totaling about $2.5 million, which has been matched by the University of California with State funds.

The proposed $6 million funding for fiscal year 1995 would complete Federal funding for the Riverside facility and move the Davis facility on schedule for completion of Federal funding in fiscal year 1997.

Total Federal funding at these two facilities over the five years, 1992 through 1997, would total $17.5 million. Funds which will be matched by the university from State funds for a total project cost of $35 million.

This request for continued Federal funding of these facilities emanates from a very long planning process by university scientists in cooperation with the USDA CSRS. This process included a needs assessment conducted in 1990–1991 at the request of USDA, and site visits and project evaluation by a panel of scientists appointed by the USDA.

The panel concluded, and I quote:

> Without regard to sources of funding, the review panel has concluded that this is an important, necessary facility, the construction of which would have an important impact on U.S. agriculture.

Construction of the facilities on both the Davis and Riverside campuses has been very carefully considered and designed as a single, integrated project to maximize research capabilities at the two campuses and to be responsive to both near and longer term needs of agriculture.

The planned 21,000 laboratory and support facilities at Riverside are designed to accelerate research leading to the development of biological and other natural controls for a range of pests including the white fly and the medfly.

The quarantine research facility at Davis will provide a state-of-the-art facility for research into environmentally compatible pest management strategies including bioengineering, genetically altered mechanisms, and other promising biotechnology applications for pest management.

As noted by the USDA peer review panel, the scientific condition and security of facilities for research in these fields of science are currently grossly inadequate throughout the Western United States, including California. Although the proposed facilities are to be located on the University of California campuses, operated by university faculty and staff, with university financial support, the facilities when completed will provide opportunities for research by scientists from other universities and institutions in the Nation, particularly in the western region, and scientists from the California Department of Food and Agriculture and the USDA.

Thus, while the location is California, the facilities will provide opportunities for scientists well beyond State boundaries and will generate research results of national significance.

Mr. Chairman, this is the single highest priority agricultural research-related proposal of the University of California for 1994–1995. We have strong support for this request from the California Department of Food and Agriculture, California agricultural industry leaders, Office of the Governor of California, Members of the California congressional delegation, and as I have noted, the University of California, which has included funding in its long-term capital project.

Our second request, $5 million annually in matching Federal funds through a USDA CSRS special grants program, is for the purpose of funding high-priority biotechnology research at facilities in the Western region such as those I have just described. The proposed consortium of universities, Federal laboratories, and private sector organizations in the Western region will provide, I believe, a very useful mechanism to ensure collaborative planning, effective priority setting, and funding of top-priority research projects in the region as a whole. This arrangement will also enhance the rate at which resultant new products and technologies are introduced from the laboratories into commercial practice.

Upon funding of the proposal, the CSRS would be asked to conduct a competitive process to select a lead university from within the Western region to house the program. The program would be administered by a secretariat of professionals composed of university, Federal lab, and private sector members. The secretariat would appoint an executive director.

All universities and Federal laboratories in the Western region would be eligible to compete for project funding. Universities and Federal labs outside the region could compete for funding by collaborating with the principal investigator in a Western university or Federal lab. All awards would be based on scientific merit as determined by peer review and the ability to attract private sector and other non-Federal matching funds.

Mr. Chairman, I want to express my appreciation for the committee's support for pest containment and quarantine facility during the past three years, and hope that it will be possible for you to continue these important investments in agricultural research in fiscal year 1995.

Thank you, sir.

Mr. DURBIN. Thank you.

We faced a dilemma last year, as you know.

Mr. FARRELL. Yes.

Mr. DURBIN. This subcommittee has a great reputation for breaking ground on facilities, not a very good reputation for finishing them. And we found ourselves overcommitted in terms of construction. So we said to the University of California, take your pick, which one do you want, Riverside or Davis, and I believe the choice was Riverside when it was all over.

The reason we asked the university to make that selection was that we had just completed a building at Riverside, a research facility for some $25 million. And now I believe your testimony this year suggests that you still want both of them.

Mr. FARRELL. Yes, sir. We still want some funds for both facilities. As I have said, we view these as a single project. We are designed to be complementary, not duplicative.

Riverside, for example, we are asking for funds to complete construction of a greenhouse and a new lab which will permit them to begin immediately to develop an expanded program of research using biological controls to deal with the problems, particularly of Southern California in the fruit and vegetable industry.

Davis, on the other hand, is a longer-term investment, an investment which calls for a new state-of-the-art facility that would engage in more sophisticated kinds of bioengineering.

So we consider, Mr. Chairman, that one, these are separate parts of a single project. They are both needed, and in fact, sir, last year we did split the funds that the Congress gave us between the two facilities, as we are doing again this year administration fiscal year 1994. So that both are on stream.

Mr. DURBIN. That is a little different than the way we have reached an agreement in the conference on this issue. I mean, we really basically said to the university, Decide where you want a building, Riverside or Davis, and what you are telling me is they decided to go ahead with both.

Mr. FARRELL. We decided to proceed in some funding in each. In Davis we are only at the beginning, the planning stages of the development. So there was very little of the funds that were used for that purpose. The majority did go to Riverside, and that is what we are proposing to do in fiscal year 1995 as well.

Mr. DURBIN. We will have the same debate this year, and fewer dollars to spend.

Mr. Skeen, maybe you will figure this one out for us.

Mr. SKEEN. I don't have any answers. Let me ask you this question, though, Doctor. In this Western region biotech consortium, any other universities involved in this other than——

Mr. FARRELL. Yes. We have had extensive discussion with several universities in the Western region, including Oregon, Washington State, Arizona, discussions in New Mexico with John Owen and Company, Utah, and with Montana—I am sorry, with Idaho. Some of those will be forthcoming either at hearings or by informal contacts in support of this proposal.

Mr. SKEEN. We have had a Southwest consortium on plant stress that has been operative for some time. This is about the same group?

Mr. FARRELL. It is essentially the same group although it would be expanded, I think, beyond the current participation in that particular consortium.

Mr. SKEEN. Thank you, Doctor.

Mr. DURBIN. Ms. Kaptur.

Ms. KAPTUR. Yes, Doctor, I just had one question. On page 2 of your testimony you say that in no part of the country are the issues you discuss more critical than in California, in the West, where certain types of insect infestations threaten the viability of the region's fruit and vegetable production, accounting for almost two thirds of the Nation's total production of these commodities.

What is the region?

Mr. FARRELL. The region being the 11 Western States.

Ms. KAPTUR. I thank you for that clarification.

Mr. DURBIN. Mr. Myers?

Mr. MYERS. No questions. Thank you.

Mr. DURBIN. Dr. Farrell, thanks for joining us.

[The information follows:]

STATEMENT OF KENNETH R. FARRELL
VICE PRESIDENT, AGRICULTURE AND NATURAL RESOURCES, UNIVERSITY OF CALIFORNIA

BEFORE

HOUSE AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES SUBCOMMITTEE ON APPROPRIATIONS

March 1, 1994

Mr. Chairman and Members of the Subcommittee:

I am Kenneth R. Farrell, Vice President, Agriculture and Natural Resources, at the University of California.

I appreciate the opportunity to provide testimony in support of two projects vitally important to American agriculture and the retention of its competitive position.

The first is a request for continued funding of state-of-the-art research facilities at the University of California, Davis and Riverside, on a matching basis with the State of California, to assist in the development of technologies to reduce application of pesticides and to develop means for more effective control of an array of crop pests which threaten the economic viability of important sectors of American agriculture.

The second request is for funding of a complementary research project to establish a Western Region Biotechnology Consortium to accelerate research on the development of genetically-engineered plants to better withstand environmental stress, improve quality, develop new products, and provide genetic resistance to disease and insects. Funding of this project also would be on a matching basis with western region universities and private sector organizations.

Mr. Chairman, as you know, public and private investments in agricultural research in recent decades have undergirded much of the growth and productivity in American agriculture, the provision of an abundance of low-cost, wholesome food for American consumers, and development of a highly competitive multi-billion dollar export trade essential to the American economy. However, U.S. public investments in agricultural research have been eroding for some time in nominal terms, relative to total U.S. R&D investments, and relative to investments being made in agricultural research in several of the nations with which we compete in international markets. We must find ways to reverse these ominous trends. And, Mr. Chairman, you also are keenly aware of the constraints with which agriculture must operate in the future as a result of regulations to protect and enhance environmental quality--regulations which have, among other effects, sharply reduced the availability of pesticides. While this is occurring, American agriculture is confronting a succession of plant pest invasions and growing resistance of pests to the pesticides which remain in use.

These are matters of nationwide, urgent importance to agriculture, but in no part of the country are the issues more critical than in California and the West where infestations of Medfly, whitefly, Mexican fruit fly, and the potential invasion of the Africanized bee threaten the viability of the region's fruit and vegetable production accounting for almost two-thirds of the nation's total production of these commodities. We must enhance investments in research now if we are to have the means of resolving or mitigating these problems in the future.

For fiscal year 1995, we are requesting a total of $6.0 million in federal funding for construction of pest containment and quarantine research facilities on the campus at UC Riverside and for completion of working drawings and initial site preparation for the facility at UC Davis. The Congress has previously appropriated, through the USDA Cooperative State Research Service (CSRS) budgets, funds in the current fiscal year and in each of the two preceding fiscal years totaling $2.5 million which have been matched by the University of California with state funds. The proposed $6.0 million funding for FY '95 would complete federal funding for the Riverside facility and move the Davis facility on schedule for completion of federal funding in FY '97. Total federal funding at the two facilities over the five years FY '92-'97 will total $17.5 million--funds which will be matched by the University from state funds for a total project cost of $35 million.

This request for continued federal funding of these facilities emanates from a long planning process by University scientists in cooperation with the USDA/CSRS. This process included a needs assessment conducted in 1990-91 at the request of USDA and site visits and project evaluation by a panel of scientists appointed by USDA.

This panel concluded "without regard to sources of funding, the review panel has concluded that this is an important, necessary facility (sic), the construction of which could have a significant impact on U.S. agriculture."

Construction of the facilities on both the Davis and Riverside campuses has been carefully considered and designed as a single integrated project to maximize research capabilities at the two campuses and to be responsive to both the near- and longer-term needs of agriculture. The planned 21,000 asf laboratory and support facilities at Riverside are designed to accelerate research leading to the development of biological and other natural controls for a range of pests including the whitefly and Medfly. The 39,000 asf containment and quarantine research facility at Davis will provide a state-of-the-art facility for research into environmentally compatible pest management strategies including bioengineering, genetically-altered mechanisms, and other promising biotechnology applications for pest management. As noted by the USDA peer review panel, the scientific condition and security of facilities for research in these fields of science are currently grossly inadequate throughout the western United States including California.

Although the proposed facilities are to be located on the University of California campuses, operated by University faculty and staff with University financial support, the facilities when completed will provide opportunities for research by scientists from other universities in the nation, particularly the western region, and scientists of the California Department of Food and Agriculture and the USDA. Thus, although the location is California, the facilities will provide opportunities for scientists well beyond state boundaries and will generate research results of national significance.

Mr. Chairman, this is the single highest priority agricultural research-related proposal of the University of California for 1994-95. We have strong support of the request from the California Department of Food and Agriculture, California agricultural industry leaders, Office of the Governor of California, and members of the California Congressional Delegation.

Our second request--$5 million annually in matching federal funds through a USDA/CSRS special grants program--is for the purpose of funding high-priority biotechnology research at facilities in the western region such as those I have just described. The proposed consortium of universities, federal laboratories, and private sector organizations in the western region will provide a mechanism to ensure collaborative planning, priority setting, and funding of top priority research projects in the region. This arrangement also will enhance the rate at which resultant new products and technologies are introduced into commercial practice.

Upon funding of the proposal (a total of $10 million annually), the CSRS would conduct a competitive process to select a "lead" university within the western region to house the program. The program would be administered by a secretariat composed of university, federal laboratory, and private sector members. The secretariat would appoint an executive director. All universities and federal laboratories in the western region would be eligible to compete for project funding. Universities and federal laboratories outside the region could compete for funding by collaborating with a principal investigator in a western university or federal laboratory. All awards would be based on scientific merit as determined by peer review and the ability to attract private sector and other non-federal matching funds.

This proposal has been discussed widely in the western region and is supported substantially by research administrators of the region. I anticipate that I will be joined in this request by my counterparts in several states of the region.

Mr. Chairman, we are appreciative of the Committee's support in the past three fiscal years and hope that it will be possible for you to continue these important investments in agricultural research in FY '95 and the years beyond.

That concludes my statement. I am prepared to respond to any questions which you or other members of the Committee may have.

TUFTS UNIVERSITY

WITNESS

DR. J. LARRY BROWN, CENTER ON HUNGER, POVERTY AND NUTRITION POLICY, TUFTS UNIVERSITY

Mr. DURBIN. Next, Dr. Larry Brown, from the Center on Hunger and Poverty and Nutrition Policy at Tufts University.

Good to see you again.

Mr. BROWN. Thank you, Mr. Chairman.

I will paraphrase my statement for the benefit of you and your colleagues.

I would like to at least verbally, for personal reasons, perhaps for many of you, acknowledge the role of the late Dr. Jean Mayer, both in initiating the work to establish the Center on Hunger, Poverty and Nutrition Policy at Tufts university, but also the work throughout his professional life, because he did, I think, perhaps more than any single American to establish the value of nutrition science and inject the research findings into public policy dating back from his days as the Chairman of the White House Conference on Food, Nutrition and Health under President Nixon.

Mr. BROWN. Dr. Mayer believed that the university had a number of resources which could be focused on the highly important problem of hunger in America and it is his vision that is embodied in the work of our center there at Tufts. He died a year-and-a-half ago. And while we miss him, great people leave legacies and they also leave people like me in their wake, trying to carry out those dreams so we can have an impact on the health status of high-risk people in our Nation, particularly children.

I would like to review just momentarily the relationship between this committee and Congress and the Department. This project began several years ago with the Department of Agriculture doing a feasibility study to determine whether or not the work center was in the national interest, was commensurate with the goals of the USDA and whether or not it was duplicative. And I am happy to say that the USDA team that conducted the feasibility study, unanimously recommended it to the Congress, and this committee was the first to begin the appropriations to make it a reality.

Last year, we asked you for a larger appropriation than you were able to give, which we certainly understand, but we are pleased that we have had now three continued years of support toward the construction of this facility.

I am happy to be here to ask you for support this year, which I hope will be the next to the last year, so that we can complete the program. In our view, we think that $5.25 million would allow us to move close to construction on this entire project, which is $12 million altogether. The committee so far has—and Congress has so far made three grants totaling—appropriations, totaling a bit over $3 million.

This project altogether is a $30 million project and Tufts University is going to—is committed to picking up two-thirds of the overall cost of it, and we are already staffing and operating center programs.

Through this process, we are very grateful that we have been able to work with the Department of Agriculture staff, not only in terms of the facility per se, but programmatically, and we have gained an abiding faith that we can muster the resources of this university to begin to do things in a different way in our Nation so that we don't continue to look at hunger in America, note and measure its significance, know its outcomes, for example, for high-risk groups like the elderly and children, but not solve it.

Despite the enormous amount of taxpayer money, I think that two things are quite clear. One is we have some programs that work very well and we need to utilize them, and secondly, just because programs have been there forever doesn't mean that we need to continue them. Some things we need to do differently.

I recognize, Mr. Chairman, that the center alone cannot solve the problem of hunger. Our goal, however, is to directly link research and the products of research to sound educational policies in the country and programs which protect the well-being of children in their formative years.

I know that none of you would disagree with the fact that a lot of our programs are well intentioned but don't make a lot of sense in light of what we know now. And so by bringing these important elements together and disseminating important information to the public and policy-makers, I believe the center can play an important role in battling domestic hunger in the United States.

I would like to conclude with two or three examples of the work of the center. We are now planning this March for the third symposium on Capitol Hill, always in conjunction with one or more Members, to examine the policy significance of recent research over the last five or six years which links nutritional status and cognitive development in children. We know now in the scientific community things that we didn't know even a decade ago, probably even six or seven years ago, in terms of the subtle impacts and long and far-reaching impacts that undernutrition has on the cognitive development of our children.

If you think about that, for example, in terms of our desire to reform education, we literally are delivering damaged children to the schoolhouse door by letting hunger continue on such a widespread basis in this country. We are also evaluating other interventions designed to protect children from nutrition-related impairments, and we are spending a good deal of time trying to look at the etiology of hunger, particularly in terms of the economic resources of families.

You mentioned, Mr. Chairman, earlier to another speaker, that poverty has grown substantially in rural areas. Interestingly enough, over the last—well from 1989 to 1992, poverty increased four times as fast in rural and urban areas—in rural and suburban areas, as it did in cities. So we have a widespread problem in the Nation which links very directly to the issue of hunger.

I am grateful for the continued support that the committee has evidenced to this point and the partnership that Dr. Mayer began with the committee and Congress, and wish to express my gratitude that we can work together with you on the problem of hunger, not simply to study it, but to see it as a solvable problem which our Nation has the capability of getting behind us in the near future.

Thank you very much.

Mr. DURBIN. I was just asking Mr. Foster a question I would like to ask you. Dr. Brown, we have the Human Nutrition Center at Tufts University, built by the Federal Government at the cost of $25 million or so. We put about $14 million a year into the operation of that center. What is this new center going to do that is different?

Mr. BROWN. That center, Mr. Chairman, as you know, is the Human Nutrition Research Center on Aging. It is a bench science center focusing predominantly on problems of the nutritional status of the aging and the interaction. Our center focuses both largely on children and also on the retail end of research, that is, looking at the policy significance of research.

The other difference, the third difference would be that we are in fact not asking the Congress at all for any operational support for this. Tufts University has agreed that we will operate the facility, the center and its programs, both operating costs and program costs, staffing, and so on, so it is simply to finalize the construction of the facility.

Mr. DURBIN. Tufts focuses on problems of the aging and nutrition, but we also have another Federal facility in Houston that focuses on nutrition and children. What will be the difference in terms of what you are setting out to do with this center and what is already being done in Houston?

Mr. BROWN. Sure, that is a good question, which I can answer. The facility in Houston, as you know, is the children's parallel to the Human Nutrition Research Center on Aging at Tufts University. What we are doing with the Center on Hunger, Poverty and Nutrition Policy is focusing almost exclusively on the issue of hunger in America, on high-risk population groups, and on what science knows in terms of its meaning for public policy and programs, so that we can do an evaluation—continue doing the evaluation of programs which cost the Federal Government, as you know, $30 to $40 billion per year in order to understand better what works, what doesn't work, so that we can discontinue programs that don't work and so that we can move, as this new research in this area of cognition and nutrition in children shows, to protect children much earlier than we have been picking them up.

Mr. DURBIN. Let me see if I understand the costs that you have explained to us here. Total cost of $30 million, Tufts will pay for approximately two-thirds and then Tufts assumes all responsibility for staffing and operating this center which you are requesting; is that correct?

Mr. BROWN. That is right, yes.

Mr. DURBIN. We have already invested about $3.5 million in this center?

Mr. BROWN. That is right.

Mr. DURBIN. I am trying to calculate what our remaining obligation is at the Federal level if Tufts is paying for two-thirds of it.

Mr. BROWN. We envisioned that the facility will cost somewhere between $12 and $13 million to construct. That is the construction costs of the building itself, which is what over the last several years we have been requesting the Congress to pay, and then the operating, maintenance, the research, the staffing of the facility on an ongoing basis will be the responsibility of Tufts University.

Mr. DURBIN. Well, I guess I misunderstood it then. It is not a $30 million center for construction?

Mr. BROWN. No. No.

Mr. DURBIN. It is $13 million.

Mr. BROWN. That is right.

Mr. DURBIN. And you want the Federal Government to pay for all of that?

Mr. BROWN. For the facility alone, yes.

Mr. DURBIN. And then beyond that Tufts is going to actually equip it, staff it and operate it?

Mr. BROWN. That is right.

Mr. DURBIN. This is a little different approach than we have used on some of these. There is usually some sort of a match from the university involved in this. In this case, you are looking for 100-percent construction?

Mr. BROWN. Well, Mr. Chairman, I can get you the details on that, but the match, for example, the—our staff, our person at CSRS has informed us, for example, that part of the match for the construction of the facility, the initial phases, for example, would be the value of the land, which I think is about $2.4 million or $2.3 million.

Mr. DURBIN. Okay, Mr. Myers.

Mr. MYERS. Thank you, Mr. Chairman.

I don't think anyone could disagree that nutrition is so important, whether it be a child or adult, but particularly children who are victims often of noncaring parents or even a noncaring society, but the School Lunch Program is more than 50 years old now and some schools I understand already provide two meals, which originally started as one. Then it became breakfast, now some I understand are providing a going-home meal. And yet we seem to be falling further behind and I don't know what Tufts is going to be able to do about that.

But I do recall several years ago we had an Under Secretary of Agriculture who objected to a doughnut that this committee helped start, a nutritious doughnut that children would eat, provided all the nutrients for breakfast. But she didn't like it because it wasn't teaching proper eating habits.

Now, what are we going to do? Are we going to make sure the child gets proper nutrition? Are we more concerned that they use the right hand to hold the fork and have the spoon on the left side? Which is more important?

Mr. BROWN. Having grown up in schools in the State you represent——

Mr. MYERS. A Hoosier.

Mr. BROWN [continuing]. And having gotten the benefits of the School Lunch Program, let me tell you that while all programs such as that can be improved, and you have seen some research findings on dietary fats in the research School Lunch Program, it is a program which is a resounding success on the part of the Congress and the American public.

The problem that you refer to, however, and that is that we seem to keep getting further behind, is driven in large part, the research shows, by changes in the economy which produce greater economic vulnerability on the part of American families. Next week, for example, Second Harvest, the national food bank network is going to be releasing the comprehensive results of a study that it has conducted over the last years.

I think that all Americans, and certainly those of us in this room, will be very concerned about the level of hunger that they are now reporting, which gets to your point. There are programs we have, such—which Members of this committee and Congress in general know about, the School Lunch Program, the School Breakfast Program, the WIC Program, which work very well.

There are other programs, which I won't name now until I finalize our research in the areas, which we don't think work well and which probably need to be significantly altered or changed. I repeat that just because programs have been in existence for a long time, doesn't mean they are good, doesn't mean they work the best and doesn't mean that the American taxpayers are getting the benefits of their investment in terms of improving the nutrient status of our population.

Mr. MYERS. I think we have come a long way, no question. When I was in school, long before you were in school in Indiana, we didn't have a School Lunch Program. I lived on the edge of town, but I had to walk home because I couldn't brown bag, the country kids riding in could, and I found a girl I kind of liked who lived in the country, so I told my mother to give me a brown bag so I could eat with the kids at noon. They wouldn't let me. So we have come a long way.

I think the answer is motivation, how to get those kids to eat the proper diet. We know how to feed them what, they should eat but we have got to get them to do it.

Mr. BROWN. Mr. Myers, that, in fact, is an issue, continued education of the American public, but we don't have hunger in America because our people are more ignorant than people in other industrialized nations that have solved their hunger problem; it is just that we have not yet learned how to move in to protect the well-being of our young people, our future work force in terms of their nutrient status. That is why we continue to see the problems we have today.

Mr. MYERS. Thank you very much for your testimony.

Mr. DURBIN. Ms. Kaptur.

Ms. KAPTUR. Thank you, Mr. Chairman.

I don't have a question. I just want to commend the doctor for his work and say I hope as you do your research and you look at all these public programs, like the School Breakfast Program, the School Lunch Program, the WIC Program, all the programs that people term successes, and I voted for those programs, that two words be embedded in your brain forever: "Think parent." And as we create all these Federal answers to actions that families used to take that we try to bridge back to the family, I think it is wrong that the Federal Government has to substitute for what isn't done in the home and we know we must do that, but I think one of the tragedies of many of these programs is we have forgotten that the first people who should feed children, are the mother and the father. So I would just encourage you to "think parent" in your own work and perhaps the Nation 10 years from now will be in even better shape than it is today.

Thank you.

Mr. BROWN. I think that all of us share the ultimate goal that we not have to have these programs. The goal is not to have more people on food stamps, for example, but to have no people on food stamps in this country.

Mr. DURBIN. Thanks very much, Dr. Brown.

[The information follows:]

TESTIMONY OF

DR. J. LARRY BROWN, DIRECTOR

CENTER ON HUNGER, POVERTY AND NUTRITION POLICY

TUFTS UNIVERSITY

BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON

RURAL DEVELOPMENT, AGRICULTURE, AND RELATED AGENCIES

TUESDAY, MARCH 1, 1994

Mr. Chairman and Members of the Subcommittee, thank you for allowing me the opportunity to testify here today. I will keep my remarks brief to make myself available for any questions that you might have.

Let me begin by briefly describing the origin of this effort. Many of you were acquainted personally and professionally with the late Dr. Jean Mayer, former President of Tufts University. As such, you are familiar with the extraordinary contributions he made in the area of nutrition and public policy. Particularly through his work at Tufts University, nutrition has been transformed into a valued science which has borne important fruit for the American people. It was Dr. Mayer's belief that Tufts' unique efforts in the area of nutrition could be focused to make a difference on the seemingly intractable problem of hunger in America. It is that vision that is embodied in the Center on Hunger, Poverty and Nutrition Policy.

Dr. Mayer is no longer with us and while we miss his vision and his leadership, he left this Center on a firm footing. In its short existence, the Center has already lived up to his faith in what it could accomplish.

Before I describe in more detail the work we are doing at the Center, let me review the important partnership the Center has with this Subcommittee, with Congress and the Department of Agriculture.

Several years ago, the Department of Agriculture performed a feasibility study to examine the value and need for a facility to house this Center. After a unanimous recommendation from the Department of Agriculture review team, this Subcommittee led the way with several initial appropriations to get this effort off the ground. Last year we urged the

Subcommittee to make available a large sum to complete the effort and though we did not receive that full amount, we are pleased to have received continued support from this Committee. I am grateful to be here with you once again to ask that the Subcommittee continue its support so that we can move quickly to complete this important project. In our view, an appropriation of $5.25 million will allow us to move forward in our effort. Last year we requested approximately $12 million, and our request this year simply reflects our sensitivity to the other pressures on this Subcommittee.

This is a project for which the overall costs will well exceed $30 million and Tufts has committed to contributing approximately two-thirds of the cost. Tufts University is already staffing and operating the Center, and we will continue to do so in the future.

Throughout this process we have worked closely with the Department of Agriculture staff and inevitably we have benefitted from that relationship by modifying and enhancing the work of this Center. Along with the Department of Agriculture we have gained an abiding sense of the difference this Center can make in the quality of life for many high-risk Americans.

The problem of hunger in America is not simply that it effects so many people, but that we have been so unsuccessful in solving it. Despite the enormous sums of taxpayer's money that we have devoted toward ending hunger, the sad fact remains that in the last fifteen years -- particularly with respect to children -- we have millions more who are going hungry.

We recognize that the Center alone can not solve the problem, but we do believe we can make an important and highly unique contribution. Our specific goal is to link research and the products of that research to sound educational programs. We have talked about that with this

Subcommittee in the past and it is worth emphasizing. So often our programs -- well intentioned as they may be -- make little sense in light of what we have learned. By bringing these important elements together, and by disseminating that appropriate information to the public and policymakers, the Center can play an important role in battling hunger in this country.

If I may, let me provide you with several examples of the work we are doing:

- Symposia on Capitol Hill to examine the policy significance of recent research on children linking nutrition with cognitive development.
- Evaluation of program interventions which are most likely to protect young children from impairments associated with undernutrition.
- Analysis of child poverty trends to the year 2010 under two different policy scenarios.
- The effectiveness of child nutrition programs in terms of increasing educational preparation and competence.
- Analysis of the extent of hunger among elderly Americans to access adequacy of elderly food programs.

I am grateful to be here to continue the important partnership that Dr. Mayer started with this Subcommittee and Congress. I also want to express our gratitude for the faith you have expressed in us and in our efforts and to say that all of us at the Center on Hunger, Poverty and Nutrition Policy look forward to working together on the important -- and solvable -- problem of hunger in America.

Thank you.

CROPS RESEARCH LABORATORY AND THE FOOD FERMENTATION LABORATORY

WITNESSES

JACK HOBSON, AUNT JANE FOODS, REPRESENTING THE PICKLE PACKERS INTERNATIONAL
CURTISS CATES, PICKLE PACKERS INTERNATIONAL
TERRY MEREDITH, PICKLE PACKERS INTERNATIONAL
TIM TERSKE, PICKLE PACKERS INTERNATIONAL
RICHARD HENTSCHEL, PICKLE PACKERS INTERNATIONAL

Mr. DURBIN. The Pickle Packers are now up.

Mr. HOBSON. Thank you, Mr. Chairman and Members of the committee.

Mr. DURBIN. I think I told you folks last year that a plate of pickles would go a long way toward bringing us to your side of the issue, obviously, we haven't gotten through to you. I don't know?

Mr. HOBSON. I will come with bulging pockets next year.

Pickle Packers International thanks the subcommittee for their invitation to offer testimony in support of USDA, ARS, specifically the Crop Research Laboratory at the University of Wisconsin and the Food Fermentation Laboratory at Raleigh, North Carolina.

Interestingly enough, on my flight into Washington yesterday, I had the pleasure of finding myself seated next to one of your fellow Congressman, in this case, Congressman Smith, who represents a district in southern Michigan. We discussed several topics that were of mutual interest to both of us and talked for quite some time, almost arriving at Washington before I became aware that he was a Congressman and before he became aware that I was coming here to testify before the Subcommittee on Agriculture.

Mr. DURBIN. Did he seem like just a normal person?

Mr. HOBSON. Yes.

Mr. DURBIN. Amazing.

Mr. HOBSON. Amazing. But anyway, immediately he asked me the pointed question, he said, if the research is so important to your companies, how come you aren't funding it yourself? And of course that is the question that we always get.

I answered him with some of the answers that came immediately to mind, but time there was of its essence, too, and I didn't have the time to completely answer him.

I would like to say just a couple minutes, off the top of my own head, to answer why I think it is important that this funding be continued.

Pickles are produced by small and large producers in 30 different States and there are pickle-processing plants located in 18 different States across our country. Most of these processing plants are located in small communities, small rural communities, and we have been talking about that this afternoon already, about the importance of keeping industry going in rural communities.

I have heard it offered in testimony here that that is important. Many of these processing plants are the major industry in these small communities and therefore certainly are a mainstay for the survivability of those communities. Without the work of the ARS laboratories for which we are requesting funding and the problems which have been faced in the past and the problems yet to be solved in the future, would be such that they would have been insurmountable if the pickle industry had to fund that entirely themselves.

The development of new varieties that are disease resistant and of higher nutritional value, along with being a high-quality product, have been a very real salvation to the industry and to the growers. So what I am trying to get across is the fact that we are not representing only the industry, but we are representing the growers, the people in the communities where we process this product and the industry, also.

Both of these laboratories work in close cooperation with the industry, with a lot of communication taking place, as well as additional funding by the individual companies within the industry themselves that go into these research laboratories, too.

Many additional research projects are carried out every year because of funding provided by our individual companies who are members of this association that I represent, so I believe we are facing up to our responsibilities as an industry to do our part. However, we need your continued support of the laboratories mentioned before if we are to be in a position to face future problems.

The growers, working people and companies who are associated with the pickle industry are all taxpayers and as such ask that you consider our request with the deliberate and kind consideration that you have shown us in the past. And we again thank you for this opportunity for presenting our request to you.

Thank you very much.

Mr. DURBIN. Mr. Hobson, one of the things we did last year was to change the approach that was being used for standards in your industry, and suggested that from this point forward, this fiscal year, that if your industry wanted your product graded or standards to be established, that it be paid for by the industry.

Can you tell me what has happened in the first four or five months of this fiscal year? Has anything changed from your industry perspective?

Mr. HOBSON. If I may, I will refer that to Richard Hentschel who is the——

Mr. HENTSCHEL. If I understood your question, you are asking in terms of our pickle standards, if that is what you are referring to, what have we done?

Just prior to last year, we did receive—two years ago, we just received a new set of standards from the government, so we have just essentially been acting on those, and those changes came about from our input, noting, for example, they used to say you had to have so much salt in your pickles. Well, that is obviously against what we are—what the consumer would like to see and what we would like to see in terms of environmental concerns. So we had those types of things eliminated.

Some of the other changes that occurred in the standards were those that we asked about. Just because the pickle industry has evolved and changed, a lot of the materials now is harvested by machine, processed by machine. It no longer sees—every pickle sees—an individual doesn't look at every pickle, so it is inappropriate now that every absolute stem, for example, be removed from a pickle.

It has been perfectly acceptable by the consumer for many years that way and by food service and institutions, so those are some of the things that were removed out of there.

Mr. DURBIN. The bottom line is this; after we took this action, I was wondering what the reaction of your industry might be. It appears that life goes on.

Mr. HENTSCHEL. Well, yes, but we also helped develop the current guidelines that we are running by because we felt these were necessary to bring our industry up to date, up to speed and allow the technology to be here and exist.

Mr. DURBIN. So we think this subcommittee may have saved about $4.5 million in pickles that are still out there and people are enjoying them?

Mr. HENTSCHEL. Yes.

Mr. DURBIN. Not a problem.

Thanks.

Ms. Kaptur.

Ms. KAPTUR. Thank you, Mr. Chairman.

Mr. Hobson, you own a facility in my district, H.A. Pickles.

Mr. HOBSON. I am sorry, but I don't own anything. I am a lowly little field man, but, yes, we have quite a bit of production taking place in your district.

Ms. KAPTUR. That is right.

Mr. HOBSON. Down in Ohio.

Ms. KAPTUR. Could you just give me a sense and very briefly, what does the pickle market look like in the United States versus our foreign competition, particularly in view of NAFTA being signed?

Mr. HOBSON. We are waiting for answers to that ourself. I don't think we have a complete answer on that.

Mr. HENTSCHEL. Some of the changes that occurred with NAFTA kind of balanced out one side. Where we had preferred general agreements for certain commodities, for example, with Mexico, those were lost with NAFTA, but on the other hand, within NAFTA, there is a point-of-origin rule that said after "X" amount of products coming from your country, still originating from your country or had to be made from parts originating from your country, would be brought in duty free. So they lost some of the preferred trade agreement. But on the other hand, with NAFTA, it came out the same, for example, with trade with Mexico.

We, every year and for many years, have gotten produce out of Mexico, especially during the winter months here in the United States and that isn't likely to change. We have been in Mexico probably 20, 30 years already getting that product in and out.

Ms. KAPTUR. Who is "we"?

Mr. HENTSCHEL. The pickle industry. To get the fresh pickles—fresh cucumbers that we use to make into pickles during the winter months when they are not available here in the United States. Other countries that we get commodities from have typically—they come in duty free with this general preferred ruling.

Ms. KAPTUR. Is a larger share of the U.S. market now comprised of pickles that come from places like Mexico?

Mr. HENTSCHEL. Not at all. Not at all. These make up the size of pickles or the type of pickles, brine stock that we need to fill out what we suspect will be our sales projections here in the United States. So they are just filling in the holes and voids. By far, the majority come from here in the United States.

Ms. KAPTUR. Thank you, Mr. Chairman.

Mr. DURBIN. Thanks a lot. We appreciate your testimony.

[The information follows:]

A STATEMENT OF CONCERN FOR SUSTAINED AND INCREASED RESEARCH BY THE AGRICULTURAL RESEARCH SERVICE/USDA AND in particular for the:

Food Fermentation Laboratory, USDA/ARS
Department of Food Science
North Carolina State University
Raleigh, North Carolina
Research Leader, Dr. Henry Fleming

Crops Research Laboratory, USDA/ARS
Department of Horticulture
University of Wisconsin
Madison, Wisconsin
Research Leader, Dr. Philip Simon

Principal Witness: Mr. Jack Hobson, Aunt Jane Foods
Croswell, Michigan
For the Field Research and Research
and Development Committees,
Pickle Packers International, Inc.

ON THE OCCASION OF Hearing March 1, 1994, U. S. House Appropriations Subcommittee on Agriculture, Rural Development and Related Agencies.

The pickled vegetable industry strongly supports and encourages your Committee in its work of maintaining and guiding the Agricultural Research Service. You have kindly indulged our group allowing us to show our support each year for more than twenty five years. Thank you for allowing us to present this statement of concern.

Pickle Packers International, Inc. is a not-for-profit trade association representing the makers of pickled vegetables including, cucumbers, peppers, onions, carrots, cauliflower, tomatoes, okra, green beans and other vegetables. The organization has voluntary participation representing more than 90 percent of the tonnage in North America and with members in 14 nations.

The vegetables we supply to consumers along with other horticultural crops are called "minor". However, in total, horticultural crops constitute a large part of our diet and they account for most of our vitamin C and vitamin A intake. Homemakers today are conscious of what constitutes a healthy diet, and make purchases accordingly.

Many small to medium sized growing and processing operations are involved. These crops do not compare to the commodity crops, but they provide a useful diversity to the overall farm income picture. The farm value of these crops generated 5.1 billion dollars in 1992. More than 755,000 tons of pickled cucumbers are consumed each year in the U.S. alone. The processing of pickled onions, peppers, cauliflower, cucumbers and other "minor" horticultural crops provides cash income to growers and jobs in processing plants and related supply industries. None of these crops are in any "program" and as such, do not rely on taxpayer support. Small to large growers and processors of pickled vegetables look to the experience and support of these two USDA, ARS locations to provide the genetic base that will be needed to provide the United States with nutritionally sound and safe pickled vegetables that will be needed to feed America and provide additional exports.

U.S. FOOD FERMENTATION LABORATORY, RALEIGH, N.C.

The U.S. Food Fermentation Laboratory, USDA, ARS, is the only public laboratory in the country dedicated exclusively to research on the preservation of vegetables by fermentation or direct acidification. The research has benefited the farmer, processor and consumer for many years. The research has been very complementary to the evolution of our industry by providing the fundamental basis for more efficient and safe methods, improved product quality and reduced wastes. **Pasteurization, as applied to acidified vegetables, was introduced into the industry in the 1940's as a result of their research, which resulted in a doubling of the industry.** Since then there has been a steady stream of research contributions by the laboratory which has resulted in benefits to the taxpayer that have far exceeded the cost of the research. Their recent research on developing controlled brining methods for cucumbers, peppers and other produce has resulted in greatly improved quality and reduced wastes. **Their introduction of purging of fermenting cucumber brines to prevent bloater damage alone has resulted in savings of $20 million annually. Our current use of calcium compounds has permitted the industry to reduce the salt concentration for brine storage of cucumbers and peppers by about 50% and still retain product texture, evolved from their original research.** Their current research to justify industry adoption of completely closed vessels for bulk fermentation and storage of produce could revolutionize our industry. They are developing special microbial cultures and biological systems to justify the higher capital investment required for closed tanks. *This research could solve many of our waste disposal problems and result in greater value enhancement of our brined vegetables.*

However, many problems still remain and continuing research, at an enhanced level, is needed in order for the U. S. fermented and acidified vegetable industry to maintain or increase its competitiveness in international markets. Both farmers and consumers will benefit in the long run from a strong agricultural industry. Here is a brief example as to why our industry needs fundamental, long range research such as that provided by the U. S. Food Fermentation Laboratory. Those of us who brine vegetables are obligated to comply with two regulatory agencies. Environmental regulators are mandating that we reduce our chloride wastes. On the other hand, the Food and Drug Administration demands that our products be beyond reproach concerning food safety. When we tried to reduce sodium chloride concentration for brined cucumbers to more environmentally acceptable levels, spoilage by Clostridium bacteria resulted in some of the trials, which implicated the potential for food poisoning. We support the efforts of these regulatory agencies, but need scientific guidance to develop technology that adequately responds to regulatory requirements and is economically feasible. Since we have stricter environmental and health standards and higher labor costs than many countries with which we compete, we must advance technologically in order to offset the competitive advantages of some of those with whom we trade. As processors, we can and do obtain fresh and brined produce beyond U. S. borders when it is economically advantageous to do so. Still, it would be in the best interest of farmers/processors/consumers to maintain a strong farm economy here.

Problems related to food safety have to do with the possible growth of food pathogens, such as Listeria, in lightly acidified or non-acidified vegetable products that are stored under refrigeration. In an attempt to meet changing consumer demands, we recognize the possibility of Listeria problems in some of these products and again, look to the Food Fermentation Laboratory for assistance in solving these problems.

The fermented and acidified vegetable industry is receptive to capital investment in order to remain competitive, but only if that investment is economically justified. The research needed to justify such capital investment involves both short term (6-24 months) and long term (2-10 years or longer) commitments. Our industry assumes responsibility for short term research, but the expense and risk are too great for individual companies to commit to the longer term research needed to insure future competitiveness. Our industry currently provides financial support for a vegetable fermentation pilot plant which is located on the premises of one of our member companies for use by personnel of the U. S. Food Fermentation Laboratory in their research.

We urge your committee to insure the continuance and strengthening of the cooperative and highly productive relationships between public and private research, when such cooperation has clearly been to the benefit of U.S. agriculture and the taxpaying public. We consider the U.S. Food Fermentation Laboratory to epitomize the advantages that can result from such cooperation and a reason why the consumer is able to purchase food at the lowest relative cost of any country in the world.

A full-time scientist in the area of microbial ecology is urgently needed to do research to assure safety of fermented and acidified vegetables. This need is in part due to the stricter regulatory guidelines for chloride disposal as mentioned above, and the consumer demand for more lightly acidified products. To help meet our long term needs, a bioengineer should be employed. This scientist will be responsible for conceptualizing the future designs of containers for vegetable fermentations, and for contributing engineering expertise for new and improved processing methods.

VEGETABLE CROPS RESEARCH LABORATORY, MADISON, WISCONSIN

The USDA, ARS Vegetable Crops Research Unit at the University of Wisconsin is the only USDA research unit dedicated to the genetic improvement of cucumbers, carrots, onions and garlic. Approximately half of the U.S. public breeding and genetics research on these crops is accounted for by three scientists in this unit. Past efforts have yielded cucumber, carrot, onion cultivars and breeding lines that are widely used by the U.S. vegetable industry. These varieties account for over half of the farm yield produced by these crops today.

This USDA group performs basic long-term research. They have developed the system for producing hybrid varieties of cucumber, carrot and onion. Nearly all of the cucumbers, carrots and onions grown by U.S. farmers today come from the hybrid seed produced by the methods they developed.

Genetic resistance to many major vegetable diseases was developed by scientists in this unit. Perhaps the most important limiting factor in the production of cucumber has been its susceptibility to disease.. During the 1970's and 1980's this groups of researchers developed a seedling screening assay for the detection of resistant varieties for nine economically important diseases. Before this time identification of disease resistance was accomplished through field observation. This method was largely ineffective since infestation was unpredictable and pathogen infection levels could not be well-documented. The seedling screening method allows for precise and repeatable identification of resistant plants which can be selected and further bred in the greenhouse during the winter months, thus dramatically increasing the effectiveness and efficiency of cucumber breeding programs. The seed industry has adopted these screening procedures which have now become routine for many companies. This genetic resistance assures sustainable crop production for growers and reduces pesticide residues in our food and environment.

Recent research by this USDA research unit has yielded useful products. Both **consumer and processing** quality of vegetables were improved by this group with a resulting increase in production efficiency and consumer appeal. Carrots provide approximately 30% of the U.S. dietary vitamin A. With new carrots that have been developed, nutritional value of this crop has tripled. They have even developed nutrient-rich cucumbers.

Cucumbers with genetic resistance to cold, heat and salt were developed. Now the crop can be more efficiently grown over a broader range of climatic conditions and production locations. DNA markers recently developed by this unit will streamline cucumber breeding and improve resistance to viruses.

Using new biotechnological methods, a system for rapidly and simply identifying **seed production ability** in onion has been developed. This system speeds up the breeding process by 2 to 6 years!

There are still numerous serious vegetable production problems which need attention. Loss of cucumbers, onions, and carrots in the field due to attack by pathogens and pests remains high, especially as pesticide use becomes reduced. Genetic resistance is an effective, inexpensive method for withstanding pathogen attacks. Nutritional content of cucumber, carrot and onion could be dramatically increased with selective breeding. Biotechnological tools could be utilized to meet the challenges growers and processors face in increasing cucumber, carrot and onion production and quality with less chemical and energy input for U.S. consumers and new global export opportunities.

FUNDING NEEDS FOR THE FUTURE

In reviewing the current funding situations that exist at the U.S. Food Fermentation Laboratory and the Vegetable Crops Research Unit, it is critical that funding resources be increased at both locations to maintain the forward momentum in pickled vegetable research and genetics the United States now enjoys. We are aware that positions key to the vital and continued success of vegetable breeding program at the Vegetable Crops Research Unit and the Food Fermentation Laboratory are in jeopardy with a reduction in research efforts being the result. We also understand that discretionary funds are now used to meet the rising fixed costs associated with each location.

The pickled vegetable industry does support research efforts at both locations with research grants to scientists to allow them to further strengthen their efforts.

Donations of supplies and processing equipment from processors and affiliated industries has continued for many years. As already mentioned, these two locations have provided many benefits to the vegetable industry and ultimately to the consumer.

Current funding at the U. S. Food Fermentation Laboratory and the Vegetable Crops Research Laboratory is $463,000 and $347,000 respectfully. To maintain the current programs, approximately $200,000 to $250,000 is needed at each location. With this, active positions may not be lost.

To meet the future challenges new expertise is needed to compliment existing staff. The following is based on information and estimates from various public sources. A figure used by USDA, ARS to employ one scientist with salary, benefits, operating funds and all overhead is about $300,000 per year. This is referred to as one Scientist Year, or SY for short. Only a small portion of this is salary, administrative costs come off the top as well.

Food Fermentation Laboratory, Raleigh, North Carolina

Scientists Needed	Current Status	Funds Needed
Food Technologist	Active	$ 300,000.00
Biochemist	Active	300,000.00
Microbial Geneticist	*Needed*	300,000.00
Microbial Ecologist	*Needed*	300,000.00
Bio-Engineer	*Needed*	300,000.00

Total Funding Required $1,500,000.00
Current Funding 463,000.00
ADDITIONAL FUNDING NEEDED **$1,037,000.00**

Vegetable Crops Research Laboratory Unit, Madison, Wisconsin

Scientific Staff in Place	Current Status	Funds Needed
Geneticist	Active	$300,000
Horticulturist	Active	300,000
Geneticist	Active	300,000
Horticultural Biotechnologist	*Needed*	300,000

Total Required $1,200,000
Current Funding 347,000
ADDITIONAL FUNDING NEEDED **$853,000**

It is essential that every effort be made to correct this funding short fall in as short a time span as possible because of immediate and recurring emergency situations facing growers and processors. Sufficient funding will allow these laboratories to address the critical problems and to create new processing methods and enhanced germplasm that will increase the competitiveness of our industry in national and international markets. Any funding increase for these locations would allow for increased research efforts. The economic benefits resulting from the proposed funding increases will continue to greatly exceed the budgetary costs of both locations while benefiting the farmers, processors and consumers.

Thank you for your consideration of these needs and your expression of support for the ARS/USDA.

pctst94.v4

COOPERATIVE RESEARCH AND EXTENSION (NASULGC)

WITNESSES

DR. EUGENE G. SANDER, CHAIR OF NASULGC'S FISCAL YEAR 1995 BUDGET COMMITTEE
DR. JOHN C. NYE, ESCOP REPRESENTATIVE
DR. DANIEL D. GODFREY, ECOP REPRESENTATIVE
DR. ALLEN GOECKER, ACOP REPRESENTATIVE
DR. MICHAEL F. NOLAN, ICOP REPRESENTATIVE
DR. WALTER A. HILL, 1890 RESEARCH DIRECTORS REPRESENTATIVE

Mr. DURBIN. Dr. Eugene G. Sander and panel. National Association of State Universities and Land Grant Colleges.

Welcome.

Mr. SANDER. Thank you.

Mr. DURBIN. You heard my addition about overtime and the budget deficit?

Mr. SANDER. We are going to go fast.

Mr. DURBIN. Yes, sir.

Mr. SANDER. I am Eugene Sander, Dean of the College of Agriculture at the University of Arizona. I also presently serve as the Chair of the Fiscal Year 1995 Budget Committee of the Board on Agriculture, in NASULGC. We appreciate the opportunity to enter into the hearing record what we have to say about the S&E budget for USDA.

Thanks in large part to America's public investment in education, research and extension, our agriculture is one of this Nation's greatest success stories. The return on that investment and the resulting benefits to the American consumer have been remarkable.

In 1990, U.S. consumers saved approximately $196 billion because they paid 2.3 times less for food and fiber than they might have if technology had halted at 1950 levels. The U.S. food supply is the safest and most affordable on the planet.

Mr. DURBIN. Excuse me.

How did you come up with that figure?

Mr. SANDER. The two-and-a-half, that is an economic analysis that was done at Ohio State University where they looked at—and couched it in that particular way. Our agriculture now earns foreign exchange utilizing only 2 percent of the Nation's resources while supplying 12 percent of the Nation's exports.

Each $1.00 invested in agricultural extension, research and education has returned $10 over the typical 16-year life of that technology.

The social changes accrued by the American public are no less important. Cooperative extension nutrition education has assisted thousands of low-income families to improve their diet and health, thereby saving millions of dollars in health care. 4–H is the largest youth-serving nonformal educational program in the Nation, reaching 5.5 million young people across the Nation, rural, small towns, suburban and urban settings and across all races, ethnicities and economic status.

American agriculture's protection of our environment and natural resources is no less important. Agricultural technology has reduced by 393 million acres, the prime farmland required to meet the Nation's needs for food production. Technology, along with improved farming practices, has also reduced soil erosion by a factor of six over erosion rates of the 1930's.

A, too, often forgotten fact is the extent to which the American agricultural sector contributes to the Nation's wealth. Some examples include: Output has doubled since 1950 to over $1 trillion which represents 16 percent of the national economy.

Secondly, the industry accounts for 11 percent of the total value-added segment of the U.S. economy.

Third, in 1990, 17 percent of the American workers earned a paycheck from agricultural and food enterprises. It has been shown that a relatively small increase in demand for food products has a significant multiplier effect on overall employment and the overall health of the U.S. economy.

Eleven percent of all wages, salaries, proprietor income, rents and profits is contributed by food and agricultural enterprises which generate three times greater income compared to the nonfood sector.

Let's look at the bottom line. Several lessons can be learned as a result of the public role in food and agriculture. First, the sheer size of the industry means that raising productivity can add much to the national economy. Second, multipliers indicate that what happens in a subsector, such as food and agriculture, reverberates through the economy to produce an impact sometimes several times as large as the original output, income or employment effect. Third, the highly diversified and independent structure of the food and agriculture industry means that continued research, education and extension inputs are needed for enhancing productivity of all the many subsectors of the American agricultural industry.

Agricultural productivity must continue to grow or real food prices will soon rise. As an example, it is estimated that approximately 20 significant technological developments would need to be developed and adopted in the 1990's simply to maintain productivity gains at the 1990 rate.

All of this underscores the need for continued investments in public and private research, extension and education efforts with the public sector, especially prominent in providing basic and other "public good" research along with technology transfer and education. In this manner, we can ensure continued productivity of one of the Nation's greatest success stories, and in doing so, protect the standard of living and social well-being for future generations of Americans.

Let's look at our fiscal year 1995 budget priorities. These priorities were identified through a process of nationwide consultation within the land grant community and mirror the national priorities established by the Joint Council on Food and Agricultural Sciences. The 12 overarching priorities that define our fiscal year 1995 budget recommendations are: First of all, to strengthen the base programs for research, extension and higher education. Base funds for research are appropriated under Hatch, McIntire–Stennis, he Evans, Allen, and Animal Health legislation. Extension base funds are appropriated under Smith–Lever, 3(b) and 3(c), And, D.C. Extension and 1890 Colleagues and Tuskegee Extension Acts. The Morrill–Nelson Act provides base funds for higher education.

These funds provide for the essential continuing support of the infrastructure within which long- and short-term projects and programs can be conducted efficiently. Specifically, base funds do the following things:

One, they assure that a stable resource base of personnel and facilities is in place in every State and territory to anticipate and deal with short- and long-term societal concerns.

Secondly, they provide for the flexibility needed to respond to changing needs and priorities.

Third, they provide initial capacity to focus on contemporary priority issues on the national agenda.

Fourth, they undergird a system for the continuing education of youth and adults and for the delivery of knowledge and technology to consumers.

Fifth, they provide networking capabilities to enhance communications nationwide and within regions.

And lastly, provide highly cost-effective leveraging of significant State, county and private sector support.

Erosion of base funds over the past two decades has impaired the ability of the system to meet critical State and national research and extension needs. Major redirection of these funds to focus on contemporary issues already has occurred at most land grant universities.

Many universities have been forced to reduce their faculty and extension staff at a time when the needs for science-based research and extension have escalated dramatically. Reversal of this erosion in base funding is essential to maintain the basic infrastructure for research and extension.

An increase of 5.2 percent in base funds for research, extension and education is needed to offset anticipated inflation in fiscal year 1995 and to help rebuild capacity after nearly a 20-percent decline in real funding levels since 1980.

The second priority is to advance special initiatives in support of the food, agriculture and environment system. Many public investments are needed to assure the continuation of a dynamic food, agriculture and environmental system of research, extension and instruction which anticipates information needs on a global scale while maintaining a sound base from which to respond.

Assessing need and changing focus requires special research and extension initiatives, such as the National Research Initiative and programs on water quality, youth at risk, food safety and sustainable agriculture. Base funding sustains the infrastructure of information, expertise and facilities from which new initiatives emanate, but each requires funding to advance a competitive U.S. agriculture food and environment system.

These initiatives are undertaken through individually funded programs which address priorities for fiscal year 1995 as established by the Joint Council on Food and Agricultural Sciences. These five important national priorities emphasize:

One, enhancing human potential; second, sustaining the environment, agriculture and natural resources; third, addressing social and economic changes in America; fourth, improving global competitiveness; and fifth, assuring health, good nutrition and safe food.

Several key initiatives that address these important national priorities are the Institutional Challenge Grant Program for Higher Education, the National Research Initiative, Youth and Families at Risk, Food Safety, the 1890 Capacity Building Program and Nutrition Education. Initiatives of this type complement base programs which undergird the infrastructure of the research, extension and teaching programs of the land grant system. All of this complements and accentuates the effectiveness of the overall science and education effort of the USDA.

In conclusion, distinguished citizens representing all phases of the land grant system have labored diligently to prepare what we feel is a reasonable yet effective budget for fiscal year 1995. This budget addresses critical national priorities and provides solutions to important problems in agricultural production, environmental and natural resource stewardship, and rural social and economic welfare.

We do appreciate the opportunity to present this budget and its rationale and trust that you will consider favorably our suggestions. I respectfully request that you accept for the record our science and education budget recommendations for fiscal year 1995 which are attached to the statement.

Thank you very much.

Mr. DURBIN. Thanks, and that statement will be included with yours in the record.

I notice that your recommendation for funding is about $100 million over the administration's request and funding recommendations for research, extension, higher education and international agriculture. We are going to struggle to try to come up with as many dollars as we can because we share your views about the importance of this research. It is getting increasingly difficult as we try to bring this deficit down, and I hope you will understand that. I hope we don't end up sundering opportunities here in an effort to slavishly bring this deficit down, but we are now on a regimen, at least for five years, which is fairly specific and very difficult. We will do our best.

Mr. Skeen.

Mr. SKEEN. No questions.

You made your presentation with great authority and you represent a great group of colleges and we appreciate you being here.

Mr. SANDER. Thank you, sir.

Mr. DURBIN. Thanks for joining us.

Thank you, gentlemen.

[The information follows:]

NASULGC National Association of State Universities and Land-Grant Colleges

February 28, 1994

The Honorable Richard J. Durbin
Chairman
Subcommittee on Agriculture, Rural Development, Food and
Drug Administration, and Related Agencies
Committee on Appropriations
2362 Rayburn House Office Building
U. S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

On March 1, 1994, Dr. Eugene G. Sander, Chairman of NASULGC's Board on Agriculture's 1995 Budget Committee is scheduled to testify before your Subcommittee in relation to the Fiscal Year 1995 appropriations for agriculture. As requested, twenty-five (25) copies of his statement are enclosed.

Dr. Sander will present the oral testimony, but members of NASULGC's Board on Agriculture Fiscal Year 1995 Budget Committee have prepared written statement for the record in relation to Fiscal Year 1994 appropriations for agriculture. The appropriate number of copies of each statement are enclosed, and the statements included in this transmission are from:

Dr. Eugene G. Sander, Chair of NASULGC's FY 1995 Budget Committee
Dr. John C. Nye, ESCOP Representative
Dr. Daniel D. Godfrey, ECOP Representative
Dr. Allan D. Goecker, ACOP Representative
Dr. Michael F. Nolan, ICOP Representative
Dr. Walter A. Hill, 1890 Research Directors Representative

Please do not hesitate to contact me at (202) 778-0828 whenever NASULGC can be of any assistance.

Sincerely,

Eddie G. Gouge

Eddie G. Gouge
Assistant Director
Federal Relations -- Food, Natural Resources,
and Environmental Affairs

Enclosures

One Dupont Circle, NW Suite 710 • Washington, DC 20036-1191 • (202) 778-0818 • Fax (202) 296-6456

NASULGC National Association of State Universities and Land-Grant Colleges

TESTIMONY

PRESENTED TO THE

SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD
AND DRUG ADMINISTRATION, AND RELATED AGENCIES

OF THE

COMMITTEE ON APPROPRIATIONS,
U. S. HOUSE OF REPRESENTATIVES

ON BEHALF OF THE

BOARD ON AGRICULTURE
OF THE
NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND-GRANT COLLEGES

BY

DR. EUGENE G. SANDER

CHAIR, FISCAL YEAR 1995 COMMITTEE, NASULGC BOARD ON AGRICULTURE

AND

DEAN, COLLEGE OF AGRICULTURE
AT THE
UNIVERSITY OF ARIZONA

MARCH 1, 1994

One Dupont Circle, NW Suite 710 • Washington, DC 20036 - 1191 • (202) 778-0818 • Fax (202) 296-6456

INTRODUCTION

Mr. Chairman and members of the Subcommittee. I am Eugene G. Sander, Dean of the College of Agriculture, University of Arizona. I am presently serving as chair of the FY 1995 Budget Committee of the Board on Agriculture, NASULGC. The opportunity to include my full statement in the hearing record is very much appreciated.

Thanks in large part to America's public investment in education, research, and extension, our agriculture is one of this nation's greatest success stories. The return on that investment and the resulting benefits to the American consumer have been remarkable.

In 1990, U.S. consumers saved approximately $196 billion, because they paid 2.3 times less for food and fiber than they might have if technology had halted at 1950 levels. The U.S. food supply is the safest and most affordable on the planet.

Our agriculture now earns foreign exchange utilizing only 2 percent of the nation's resources while supplying 12 percent of the nation's exports.

Each $1 invested in agricultural extension, research, and education returned $10 over the typical 16-year life of that technology.

The social changes accrued by the American public are no less important. Cooperative Extension nutrition education has assisted thousands of low income families to improve their diet and health, thereby saving millions of dollars in health care.

4-H is the largest youth-serving nonformal educational program in the nation reaching 5.5 million young people across the nation--rural, small town, suburban, and urban settings--and across all races, ethnicities and economic status.

American agriculture's protection of our environment and natural resources is no less important. Agricultural technology has reduced by 393 million acres the prime farmland required to meet the nation's needs for food production.

Technology, along with improved farming practices, has also reduced soil erosion by a factor of six over erosion rates of the 1930s.

And, a too-often forgotten fact is the extent to which the American agriculture sector contributes to the nation's wealth:

- Output has doubled since 1950 to over one trillion dollars, which represents 16 percent of the national economy.

- The industry accounts for 11 percent of the total value added segment of the U.S. economy.

- In 1990, 17 percent of American workers earned a paycheck from agricultural and food enterprises. It has been shown that a relatively small increase in demand for food products has a significant multiplier effect on overall employment and the overall health of the U.S. economy.
- Eleven percent of all wages, salaries, proprietor income, rents, and profit is contributed by food and agricultural enterprises which generate three times greater income compared to the non-food sector.

THE BOTTOM LINE

Several lessons can be learned as a result of the public role in food and agriculture. First, the sheer size of the industry means that raising productivity can add much to the national economy. Second, multipliers indicate that what happens in a subsector such as food and agriculture reverberates through the economy to produce impact sometimes several times as large as the original output, income, or employment effect. Third, the highly diversified and interdependent structure of the food and agriculture industry means that continued research, education, and extension inputs are needed for enhancing productivity of all the many subsectors of the American agriculture industry.

Agricultural productivity must continue to grow, or real food prices will soon rise. As an example, it is estimated that approximately twenty significant technological developments would need to be developed and adopted in the 1990s simply to maintain productivity gains at the 1990 rate. All of this underscores the need for continued investments in public and private research, extension, and education efforts with the public sector, especially prominent in providing basic and other "public good" research along with technology transfer and education. In this manner we can ensure continued productivity of one of the nation's greatest success stories, and in so doing protect the standard of living and social well-being of future generations of Americans.

FY 95 BUDGET PRIORITIES

This is the rationale behind the FY 1995 NASULGC budget priorities for agricultural research, extension, and higher education. These priorities were identified through a process of nationwide consultation within the land-grant community and mirror the national priorities established by the Joint Council on Food and Agricultural Sciences.

The two over-arching priorities that define our FY 1995 budget recommendations are:

1. Strengthen Base Programs for Research, Extension, and Higher Education

Base funds for research are appropriated under Hatch, McIntire-Stennis, Evans Allen, and Animal Health legislation; extension base funds are appropriated under Smith-Lever 3b and 3c, D.C. Extension and 1890 Colleges and Tuskegee Extension Acts. The Morrill-Nelson Act provides base funds for higher education.

These funds provide for the essential continuing support of the infrastructure within which long- and short-term projects and programs can be conducted efficiently. Specifically, base funds:

- Assure that a stable resource base of personnel and facilities is in place in every state and territory to anticipate and deal with short- and long-term societal concerns.

- Provide for the flexibility needed to respond to changing needs and priorities.

- Provide initial capacity to focus on contemporary priority issues on the national agenda.

- Undergird a system for the continuing education of youth and adults and for the delivery of knowledge and technology to consumers.

- Provide networking capabilities to enhance communications nationwide and within regions.

- Provide highly cost-effective leveraging of significant state, county, and private sector support.

Erosion of base funds over the past two decades has impaired the ability of the system to meet critical state and national research and extension needs. Major redirection of these funds to focus on contemporary issues already has occurred at most land-grant universities. Many universities have been forced to reduce their faculty and extension staff at a time when the needs for science-based research and extension have escalated dramatically. Reversal of this erosion in base funding is essential to maintain the basic infrastructure for research and extension.

An increase of 4.5 percent in base funds for research, extension, and education is needed to offset anticipated inflation in Fiscal Year 1995 and to help rebuild capacity after nearly a 20 percent decline in real funding levels since 1980.

2. Advance Special Initiatives in Support of the Food, Agriculture, and Environmental System

Major public investments are needed to assure the continuation of a dynamic food, agriculture, and environmental system of research, extension, and instruction which anticipates information needs on a global scale while maintaining a sound base from which to respond.

Assessing need and changing focus requires special research and extension initiatives such as the National Research Initiative and programs on water quality, youth at risk, food safety, and sustainable agriculture. Base funding sustains the infrastructure of information, expertise, and facilities from which new initiatives emanate, but each requires funding to advance a competitive U.S. agriculture, food, and environmental system.

These initiatives are undertaken through individually funded programs which address priorities for FY 1995 as established by the Joint Council on Food and Agricultural Sciences. These five important national priorities emphasize:

- Enhancing human potential

- Sustaining the environment, agriculture, and natural resources

- Addressing social and economic changes in America

- Improving global competitiveness
- Assuring health, good nutrition, and safe food

Several key new initiatives that address these important national priorities are the Institutional Challenge Grant Program for Higher Education, the National Research Initiative, Youth and Families at Risk, Food Safety, the 1890 Capacity Building Program, and Nutrition Education. Initiatives of this type complement base programs which undergird the infrastructure of the research, extension, and teaching programs of the land-grant system. And this complements and accentuates the effectiveness of the overall science and education effort of the USDA.

CONCLUSION

Distinguished citizens representing all phases of the land-grant system have labored diligently to prepare what we feel is a reasonable yet effective budget for FY 1995. This budget addresses critical national priorities and provides solutions to important problems in agricultural production, environmental and natural resource stewardship, and rural social and economic welfare.

Mr. Chairman, we appreciate the opportunity to present this budget and its rationale and trust that you will consider favorably our suggestions. I respectfully request that you accept for the record our Science and Education budget recommendations for FY 1995 which are attached to my statement.

I hope that you will agree to this request.

Thank you.

TABLE 1
SUMMARY OF FUNDING RECOMMENDATIONS FOR RESEARCH, EXTENSION, HIGHER EDUCATION AND INTERNATIONAL AGRICULTURE

(In Thousands of Dollars)

	FY94 APPROPS	FY95 PRES REQUEST	FY95 NASULGC RECOMMENDATION
BASE PROGRAMS			
Research	225,821	225,821	239,238
Extension	298,054	298,054	312,320
Higher Education	2,850	2,850	2,850
TOTAL	**526,725**	**526,725**	**554,408**
SPECIAL PROGRAMS			
Research			
NRI	112,150	130,000	144,000
Special Grants	22,566	29,718	47,418
Special Problem Grants	50,351	0	0
Other Research Grants	14,193	15,118	17,600
International Research	0	0	250
TOTAL	**199,260**	**174,836**	**209,268**
Extension			
National Priorities	26,172	29,172	44,172
Specified Programs	100,314	99,919	111,083
TOTAL	**126,486**	**129,091**	**155,505**
Higher Education			
National Needs Grants	16,550	16,550	25,500
TOTAL	**16,550**	**16,550**	**25,500**
FEDERAL ADMINISTRATION			
Net Research	12,105	1,341	1,341
Net Extension	10,042	5,296	5,296
TOTAL NET	**22,147**	**6,637**	**6,637**
SUMMARY			
Total Research	437,186	401,998	449,847
Total Extension	434,582	432,441	473,121
Total Higher Education	19,400	19,400	28,350
GRAND TOTAL	**891,168**	**853,839**	**951,318**

TABLE 2
RESEARCH FUNDS
(In Thousands of Dollars)

	FY94 APPROPS	FY95 PRES REQUEST	FY95 NASULGC RECOMMENDATION
BASE PROGRAMS			
Hatch Act ( )[1]	171,304	171,304	179,013
McIntire-Stennis ( )	20,809	20,809	25,000
Evans-Allen (1890) ( )	28,157	28,157	29,424
Animal Health ( )	5,551	5,551	5,801
TOTAL BASE PROGRAMS RESEARCH	**225,821**	**225,821**	**239,238**
RESEARCH GRANTS--PL 89-106			
Competitive Grants (sec. 2b)(NRI) ( )			
Plant Systems ( )	40,000	47,000	49,000
Animal Systems ( )	25,000	29,500	31,000
Nutrition, Food Quality and Health ( )	8,000	11,000	14,000
Natural Resources and Environment ( )	18,000	27,000	30,000
Engineering Processes and Value-Added ( )	7,500	9,000	11,000
Rural Development, Markets and Trade ( )	4,000	6,500	9,000
Global Change ( )	1,250	0	0
Water Quality ( )	4,500	0	0
Integrated Pest Management ( )	2,500	0	0
Pesticide Impact Assessment ( )	1,400	0	0
SUBTOTAL COMPETITIVE GRANTS	**112,150**	**130,000**	**144,000**
Special Research Grants (sec. 2c) ( )			
National Programs			
Food Safety/Animal Health and Well-Being ( )	0	0	5,000
Energy Biomass/Biofuels ( )	500	0	750
Pest Control Strategies			
Integrated Pest Management ( )	3,228	7,000	7,000
Pesticide Clearance ( )	6,750	10,800	10,800
Pesticide Impact Assessment ( )	1,568	2,968	2,968
Minor Use Animal Drugs ( )	650	650	650
Biological Impact Assessment ( )	300	300	300
Rural Development Centers ( )	500	500	950
Tropical and Subtropical Ag. ( )	3,320	0	0
Water Quality ( )	4,500	4,500	9,000
Global Change ( )	1,250	3,000	3,000
Strengthening the Rural Workforce ( )	0	0	1,000
Rural Economic and Social Development 1890 ( )	0	0	3,000
Rapid Response Research ( )	0	0	3,000
SUBTOTAL NATIONAL SPECIAL GRANTS	**22,566**	**29,718**	**47,418**
SUBTOTAL REGIONAL/STATE SPECIAL GRANTS	**50,351**	**0**	**0**
TOTAL SPECIAL GRANTS	**72,917**	**29,718**	**47,418**
GRAND TOTAL RESEARCH GRANTS	**185,067**	**159,718**	**191,418**

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1 - Page numbers for program descriptions are indicated between the parentheses.

TABLE 2
RESEARCH FUNDS (continued)
(In Thousands of Dollars)

	FY94 APPROPS	FY95 PRES REQUEST	FY95 NASULGC RECOMMENDATION
OTHER RESEARCH PROGRAMS			
Rangeland ( )[1]	475	475	600
Aquaculture Centers ( )	4,000	4,000	4,000
Supplemental and Alternative Crops ( )	1,818	1,818	2,000
Sustainable Agriculture ( )	7,400	8,825	10,000
1890 Institution Centers of Excellence ( )	0	0	1,000
Critical Materials ( )	500	0	0
TOTAL OTHER RESEARCH PROGRAMS	**14,193**	**15,118**	**17,600**
INTERNATIONAL RESEARCH	**0**	**0**	**250**
FEDERAL ADMINISTRATION			
Direct ( )	22,655	11,891	14,341
1890 Capacity Building Grants ( )	(10,550)	(10,550)	(13,000)
NET FEDERAL ADMINISTRATION ( )	**12,105**	**1,341**	**1,341**
GRAND TOTAL RESEARCH	**437,186**	**401,998**	**449,847**

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[1] - Page numbers for program descriptions are indicated between the parentheses.

TABLE 3
EXTENSION FUNDS
(In Thousands of Dollars)

	FY94 APPROPS	FY95 PRES REQUEST	FY95 NASULGC RECOMMENDATION
BASE PROGRAMS			
Smith-Lever 3b & 3c ( )[1]	272,582	271,557	283,777
D.C. Extension ( )[2]	0	1,025	1,071
1890 Colleges and Tuskegee ( )	25,472	25,472	27,472
TOTAL BASE PROGRAMS EXTENSION	**298,054**	**298,054**	**312,320**
NATIONAL EXTENSION PRIORITIES			
Water Quality ( )	11,234	11,234	11,234
Food Safety and Quality ( )	1,975	2,975	2,975
Sustainable Ag. Systems ( )	2,963	4,963	4,963
Youth and Families at Risk ( )	10,000	10,000	11,000
Commercial Ag./High Tech ( )	0	0	2,000
Sustainable Natural Resources Management ( )	0	0	6,000
1890 Special Targeted Programs ( )			
Sustainable Agriculture/Small-Scale Farmers ( )	0	0	4,000
Plight of Limited Resource Families ( )	0	0	2,000
International Extension ( )	0	0	250
TOTAL NATIONAL EXTENSION PRIORITIES	**26,172**	**29,172**	**44,442**
SPECIFIED PROGRAMS			
EFNEP ( )	61,431	61,431	64,195
Rural Development Centers ( )	950	950	950
Integrated Pest Management ( )	8,459	10,459	10,459
Pesticide Impact Assessment ( )	3,363	3,363	3,363
Pesticide Applicator Training ( )	0	2,000	2,000
Urban Gardening ( )	(3557)[2]	0	0
Rural Health and Farm Safety ( )	2,988	988	3,500
Reservation Extension Agents ( )	1,750	1,750	3,000
1890 Extension and Research Facilities ( )	7,901	7,901	7,901
Renewable Resources Extension Act ( )	3,341	3,341	6,000
Pacific Rim Program ( )	647[2]	0	650
Crop Simulation ( )	498[2]	0	550
Agriculture Telecommunications ( )	1,221	1,221	2,000
Rural Health and Safety Education ( )	2,000	2,250	2,250
Nutrition Education Initiative ( )	4,265	4,265	4,265
Rural Technology Grants ( )	1,500	0	0
TOTAL SPECIFIED PROGRAMS	**100,314**	**99,919**	**111,083**

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1 - Page numbers for program descriptions are indicated between the parentheses.

2 - Included in Smith-Lever 3b&3c

TABLE 3
EXTENSION FUNDS (continued)
(In Thousands of Dollars)

	FY94 APPROPS	FY95 PRES REQUEST	FY95 NASULGC RECOMMENDATION
FEDERAL ADMINISTRATION			
Direct ( )[1]	11,187	5,296	6,496
Pacific Rim Program ( )	(647)	0	(650)
Crop Simulation ( )	(498)	0	(550)
NET FEDERAL ADMINISTRATION	**10,042**	**5,296**	**5,296**
GRAND TOTAL EXTENSION	**434,582**	**432,441**	**473,121**

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[1] - Page numbers for program descriptions are indicated between the parentheses.

TABLE 4
HIGHER EDUCATION FUNDS
(In Thousands of Dollars)

	FY94 APPROPS	FY95 PRES REQUEST	FY95 NASULGC RECOMMENDATION
BASE PROGRAM			
Morrill-Nelson ( )[1]	2,850	2,850	2,850
TOTAL BASE PROGRAM HIGHER EDUCATION	**2,850**	**2,850**	**2,850**
NATIONAL NEEDS COMPETITIVE GRANTS			
Graduate Training Fellowships ( )	3,500	3,500	4,000
Minority Scholars Program ( )	1,000	1,000	3,500
Institution Challenge Grants ( )	1,500	1,500	5,000
1890 Capacity Building Grants ( )	10,550	10,550	13,000
TOTAL NEEDS GRANTS	**16,550**	**16,550**	**25,500**
GRAND TOTAL HIGHER EDUCATION	**19,400**	**19,400**	**28,350**

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[1] - Page numbers for program descriptions are indicated between the parentheses.

Experiment Station Committee on Organization and Policy

Experiment Station Section
The Division of Agriculture
National Association of State University and Land-Grant Colleges

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TESTIMONY

PRESENTED TO THE

SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES

OF THE

COMMITTEE ON APPROPRIATIONS,
U. S. HOUSE OF REPRESENTATIVES

ON BEHALF OF THE

EXPERIMENT STATION COMMITTEE ON ORGANIZATION AND POLICY (ESCOP)
OF THE
NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND-GRANT COLLEGES

BY

DR. JOHN C. NYE

DIRECTOR, DELAWARE AGRICULTURAL EXPERIMENT STATION
AND
DEAN, COLLEGE OF AGRICULTURAL SCIENCES
AT THE
UNIVERSITY OF DELAWARE, NEWARK

March 1, 1994

Written Testimony of
The Experiment Station Committee on Organization and Policy
National Association of State Universities and Land-Grant Colleges

Submitted by

John C. Nye
Director, Delaware Agricultural Experiment Station and
Dean, College of Agricultural Sciences
University of Delaware, Newark

The Experiment Station Committee on Organization and Policy (ESCOP) thanks you for the opportunity to present this testimony on behalf of the FY 95 Budget Committee of the Board on Agriculture, National Association of State Universities and Land-Grant Colleges (NASULGC). The 106-year Federal-State partnership in support of agricultural research has produced the most productive and efficient food and fiber production system in the world. This system produces 16% of the U.S. economic output and employs 17% of the workforce. It is the oldest and largest industry in this country. Much of the success of this industry and the abundance of safe and nutritious food is the result of research conducted by State Agricultural Experiment Stations.

The budget request from the State Agricultural Experiment Stations supports research programs that address the five societal concerns of the Joint Council on Food and Agricultural Sciences. These concerns we identified by people who have a stake in the future of agriculture--from consumers to agribusiness--when they were asked what they felt were the most important agricultural issues faced by society today. This priority setting process includes input and recommendations by the Users Advisory Board and the ESCOP strategic planning process. These concerns are:

1. Sustaining the environment, agriculture, and natural resources
2. Enhancing human potential
3. Addressing changes in America
4. Improving global competitiveness
5. Assuring health, good nutrition and safe food

The State Agricultural Experiment Station System provides an infrastructure of facilities, laboratories, equipment, farms, and scientists to conduct research critical to the continued success of the food and agricultural industries. Federal formula funds from the Hatch Act, McIntire-Stennis, Evans-Allen and Animal Health lines are matched by state funds to create this effective research system. The erosion of these funds in recent years has severely threatened our ability to provide research results. We are very concerned that the President's FY 95 budget request would further degrade the capabilities of the State Agricultural Experiment Station System. We are requesting a 4.5% increase in Hatch, Evans-Allen and Animal Health and an increase in McIntire-Stennis to $25,000,000.

We are pleased that the President's budget request includes an increase in the "National Research Initiative" competitive grants program from $112,150,000 to $130,000,000. This program was developed and justified as a $500 million initiative for competitive research in six critical areas:plant systems; animal systems; nutrition, food quality and health; natural resources and environment; engineering and value-added; and rural development, markets and trade. These six areas support the five societal concerns identified by the Joint Council. We request a $144 million appropriation for NRI in FY 95.

Research directed at sustaining the environment, agriculture, and natural resources has provided recommendation that optimize production while minimizing nutrient and chemical inputs. This research demonstrates how to maintain high levels of productivity, reduce soil erosion and prevent water pollution. Many of these projects were part of the "Water Quality" research which was appropriated $8,950,000 in FY 93. The FY 94 appropriation split this funding, $4.5 million in this special grant category and $4.5 million to the NRI. We request a combined $9 million appropriation under this special national grants category for this critical environmental issue. "Sustainable Agriculture" research has provided important research on environmentally sound, profitable and socially acceptable agricultural practices. The President's request includes a small increase over FY 94 appropriations but falls short of the $10 million needed for this program. The "Water Quality" and "Sustainable Agriculture" programs also demonstrate the collaboration between research and extension programs at the Land-Grant Universities. The National Academy of Science recently released its report on rangeland health which pointed out many of the unanswered questions regarding rangeland. We request $600,000 for "Rangeland" research to continue studies focused on this important topic.

While many of our research program indirectly enhance human potential through graduate training and professional development, we also request $1 million to develop "1890 Institutions Centers of Excellence." The higher education initiatives in the CSRS (Cooperative States Research Service) budget support important initiatives in our Land-Grant Universities which directly enhance human potential..

It is critical that we understand the changes in America that have resulted from the increased productivity and efficiency of many agricultural enterprises. The "Rural Development Centers" represent a collaborative efforts of research and extension to stimulate rural economies and we request $950,000 for the research portion of that program. Two new initiatives, $1 million for "Strengthening the Rural Workforce" research and $3 million for the 1890 Land-Grant Colleges to address "Rural Economic and Social Development" issues, would provide greater understanding of the problems facing rural areas.

U. S. Agriculture is the most productive and efficient in the world because of the research conducted at the State Agricultural Experiment Stations. Global competitiveness would be improved by funding alternate and biomass crops research. We request that "Energy Biomass and Biofuels" be funded at $750,000. We also request $2 million for "Supplemental and Alternative Crops" research. These funds will allow scientists to continue to find and develop alternate crops and renewable energy resources.

U. S. consumers spend less of their disposable income on food than in any other country. The abundance of nutritious food is evident in every grocery store and super market in this country. To continue to assure health, good nutrition and safe food a $5 million line for "Food Safety, Animal Health and Well-being" is requested. This funding would address the critical relationships between animal health and the food safety issues related to animal products.

Each year some crisis arises that threatens the food and fiber systems of this country. To provide "Rapid Response to Critical Issues" a $3 million line is requested. This initiative would allow us to respond to issues, such as the sweet potato whitefly outbreak, on a contract basis. This mechanism would allow federal funds to be directed at these critical issues quickly in response to strategic threats to agriculture.

Publicly funded agricultural research is an investment in the future of our country. A safe, affordable, and reliable food supply is demanded by the public. Agriculture is expected to maintain, preserve and enhance the environment. This budget request for agricultural research responsibly addresses the critical needs of this essential sector of the economy, while keeping in mind the fiscal constraints on the federal budget. Agriculture creates wealth in this country and research is essential for its continued success.

I urge the members of this Subcommittee and the Congress to adopt these recommendations for funding agricultural research as proposed by the National Association of State Universities and Land-Grant Colleges.

ECOP
Extension Committee on
Organization and Policy
National Association of State Universities
and Land Grant Colleges

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TESTIMONY

PRESENTED TO THE

SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD
AND DRUG ADMINISTRATION, AND RELATED AGENCIES

OF THE

COMMITTEE ON APPROPRIATIONS,
U. S. HOUSE OF REPRESENTATIVES

ON BEHALF OF THE

EXTENSION COMMITTEE ON ORGANIZATION AND POLICY (ECOP)
OF THE
NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND-GRANT COLLEGES

BY

DR. DANIEL D. GODFREY

INTERIM DEAN AND ADMINISTRATOR, COOPERATIVE EXTENSION PROGRAMS
AT
NORTH CAROLINA A&T STATE UNIVERSITY

March 1, 1994

TESTIMONY
of
DANIEL D. GODFREY
for the

National Association of State Universities and Land-Grant Colleges
Extension Committee on Organization and Policy, 1994

Mr. Chairman, I am Daniel D. Godfrey, Interim Dean and Administrator of the Cooperative Extension Program at N.C. A&T State University. In my testimony today, I represent all State Directors and 1890 Administrators of Cooperative Extension in the United States as the chair of their 1995 Budget, my testimony will highlight the areas most in need of attention by Congress in FY'95.

The highest priority for the Cooperative Extension System in 1994 is increasing base support. Other major priorities are (a) expanded funding for national initiatives and (b) providing support for certain specified programs.

I. KEEP BASE SUPPORT STRONG

The Cooperative Extension System is built on financial support from federal, state, and local partners. Over the past ten-year period, 1982-1991, federal support increased only an average of 3.1% per year and declined in its overall share of contributions. Funding from the three partners has failed to keep pace with inflation and the need to address issues of national importance. As a result, the majority of state Extension Services are undergoing varying degrees of retrenchment. The integrated system of support which undergirds a network of Extension educators reaching into every county in the Unites States has eroded. A recent study reported in a trade publication indicates nearly two thousand positions were lost in 28 states since 1982. Unless the pattern of funding changes very shortly, the network will be irreparably harmed. This position for a stronger base support continues to be just as important in FY'95. We hope the Committee will share this position.

Smith-Lever 3(b)(c): We recommend a very modest 4.5 percent increase in Smith-Lever base funds. Matching funds from state and local sources are required for these funds. These core funds maintain the scientific and the community-based network which is critical to the implementation of all national initiatives and base programs. Those whose major interest is in new initiatives of water quality, youth at risk, and food safety must understand that those initiatives build upon an existing network of community-based Extension personnel. Without that network, the initiatives cannot succeed. Those whose major interest is agricultural production must understand that is it Smith-Lever (b) and (c) funds which support Extension Specialists in Colleges of Agriculture. No increase in base funds will mean further reduction in these positions. Mr. Chairman, the FY'94 appropriations for Smith-Lever funds also include base funding for those educational efforts as planned and implemented by the University of the District of Columbia Extension programs as legislatively prescribed. We are asking that this line item also receive the same percentage increase as Smith-Lever, 3(b) and (c).

1890 Colleges and Tuskegee University. These institutions have continued to maintain base programs geared to the needs of culturally diverse audiences especially those limited in selected economic as well as social resources. Funds provided for these institutions have helped them prioritize highly essential educational initiatives focused on families; community leadership; small-scale farmers; and youth, especially pregnant teen's programs. Such programs are designed to address new pathways for what has become a large audience of people at risk and generally out of the mainstream of society's offerings.

This base funding request is a 4.5 percent increase over the FY'94 appropriations.

II. SUPPORT EXTENSION NATIONAL PRIORITIES

The high priority Extension initiatives that were started in recent years with the support of Congress are still very important and still continue to receive emphasis. We wish to continue and expand development of these initiatives: Water Quality and Management, Youth and Families at Risk and Food Safety and Quality. In addition, we are particularly interested in obtaining funding to implement sustainable agriculture, and two new initiatives; Commercial Agriculture-High Tech and Sustaining Forest/Natural Resource Management.

Water Quality and Management: Congress has continued to appropriate funds each year in support of this successful coordinated multi-agency effort to improve water quality and management. Funds provided to Extension are targeted primarily to educational efforts in 74 hydrologic zones and 16 demonstration sites. We recommend that the $11,375 million executive request be maintained at the FY'94 level.

Youth and Families at Risk: Land-Grant universities have developed the finest system of non-formal education for young people. We reach 5.4 million youth through 4-H and other educational efforts. The Cooperative Extension System has recognized the serious problems confronting families and children and with Congressional help has intensified our efforts to reach youth confronting such risk factors as poverty, high incidence of drug use, teen pregnancy, and inadequate housing.

With $10 million, Cooperative Extension Service has served more than 70 communities with expanded educational programs. An independent evaluation completed in February 1993 affirmed the effectiveness of innovative approaches being used. We recommended a one million dollar program expansion to $11 million for FY'95.

Food Safety and Quality: Media attention has made food safety an item of great concern to consumers, processors, food handlers, and producers. This initiative has enabled Extension to expand education programs for critical audiences in order to protect the safety of food from production to consumption.

Additional funding is requested to build upon the pilot efforts currently in place under the $1.5 million 1993 appropriation. In order to address these issues on a national scale, rather than through a handful of demonstration projects, the increase to $2,975, a one million dollar increase for FY'95 is recommended which is the same as the president's request.

Sustainable Agriculture: The 1990 Farm Bill requires that all agricultural agents of the Cooperative Extension Service complete a national sustainable agriculture training program by 1995; all new Extension Agents are required to complete the training within 18 months of employment. In addition to Extension Agents, training will be provided to appropriate field office personnel from the Soil Conservation Service (SCS), the Agricultural Stabilization and Conservation Service (ASCS), and other professionals.

As specified in this legislation, the Cooperative Extension System is to assist in developing and facilitating the adoption of sustainable agriculture, whole farm integrated management systems, and natural resource management strategies. Those programs are to be coordinated where applicable with the Low-Input Sustainable Agriculture (Section 1621), Integrated Management Systems (Section 1627), Integrated Pest Management (Section 1650), Water Quality and Nutrient Management Research (Section 1484), and other appropriate research programs. The request is a $2 million increase over FY'94, the same as the executive budget proposal FY'95.

1890 Specialized Targeted Initiatives. In addition to the need to maintain base programs as supported by a diverse competent staff, critical needs focused on the limited resource audience are apparent across the nation. The 1890 institutions and Tuskegee University have identified two special initiative programs that need special attention:

Sustainable Agriculture/Small-Scale Farmers. Most small farmers are producing only one or two major commodities, without choosing among sufficient and profitable alternatives. According to the 1982 Census of Agriculture, approximately 12 percent of all small farmers have a gross income of less than $20,000 per year. Most farmers fail to take the time to analyze the potential profitability that can come in low/reduced input agricultural concepts. This farm system concept promotes efficiently managed farm systems and the ability to reduce risk and emphasizes the importance of selecting alternative agricultural enterprises which can create cash flow throughout most of the year. Concepts in low/reduced input agriculture are issues that merit serious consideration by the majority of American farmers. However, the consequences of not dealing realistically with those issues may result in further depression in agriculture profitability in general. The request is for $4 million.

Plight of Limited Resource Families. The poverty rate for families with young children is from 16 percent to 50 percent depending on the family. In 1990, 12.7 million children lived in poverty. It is estimated that at least one in five children today live in poverty. Research indicates that infants, toddlers, preschoolers, and limited resource families are at risk for poverty; infant mortality; premature birth and/or low birth weight; poor health, diet, and nutrition; educational underachievement; developmental delays; social deviance; and child abuse and neglect. The 1890 land-grant universities with years of experience in working with limited resource families are in an excellent position to provide well-designed educational programs to address the issues related to these families with young children. The request is for $2 million.

These two new program requests under National Extension Priorities are very important as well:

Commercial Agriculture/High Technology. The benefits to be derived from newer forms of high technologies are yet to be fully realized, thus these technologies have yet to be incorporated into the nation's food and fiber production system. Even large commercial farms, which have been so long on the forefront of adopting some of these new technologies are currently lagging behind other sectors of our economy because of under-utilization of more recent scientific advances. With the arrival of increased potential for cost-effective inclusion of these technologies even into medium as well as small-scale agriculture in the form of personal computers which can facilitate recordkeeping, backyard satellite dishes serving both our domestic, as well as market information niche, there now exists an opportunity to remove these barriers. Extension educational programs are gearing up to address this problem and fill this void. However, additional resources are needed to enhance the quality of these educational programs. The request is for $2 million.

Sustaining Forest/Natural Resources Management. Forestry extension can improve the selection of forest management options favoring both sustainability and productivity. The 1990 National

Research Council Report (Forest Research: Mandate for Change) implored that additional effort be directed towards communication and outreach to realize the full benefits of forestry research. The proposed program focused on three issue areas: (1) enhancing productivity and integrated forest stewardship, (2) forest products processing, and (3) natural resources policies. The first of these emphasizes new approaches to commodity and non-commodity forest resource values and environmental stewardship. The second addresses new products, new technologies and the development of expanded markets. The third recognizes the need for policies at all levels of government that provide for property rights, environmental quality and the stability of resource dependent communities. The program charts a ten-year program to implement a significant increase in staffing and capacity at state and regional levels, plus coordination, leadership, and materials support.

CONCLUSION

Mr. Chairman, let me assure you and the Committee that the Cooperative Extension System has faced up to the challenge of keeping the American Agriculture, Food and Environmental System serving the public interest. This System has continued to work to improve our competitive advantage and has added, substantially, to the creation of wealth and added value to the economy when compared to other sectors in our nation. In fact, Mr. Chairman, agriculture is America's largest industry, as you know, with inputs exceeding one trillion dollars. It represent 15% of our economy. Our farm output in 1990 was double that of 1950. Finally, Mr. Chairman, the food and agriculture industry accounts for over 23 million full-time jobs. Thus, these Extension System programs which are geared to address the needs of families, communities, both small as well as larger commercial farms will increase demand thus adding to the multiplier effect for employment, a better quality of life for all. We seek Congressional support to keep our base programs strong and to continue the investment in just a few new initiatives.

Academic Programs Committee on Organization and Policy

Academic Programs Section
The Board on Agriculture
National Association of State Universities and Land-Grant Colleges

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TESTIMONY

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OF THE

COMMITTEE ON APPROPRIATIONS,
U. S. HOUSE OF REPRESENTATIVES

ON BEHALF OF THE

ACADEMIC PROGRAMS COMMITTEE ON ORGANIZATION AND POLICY (ACOP)
OF THE
NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND-GRANT COLLEGES

BY

DR. ALLAN D. GOECKER

ASSISTANT DEAN AND ASSOCIATE DIRECTOR, ACADEMIC PROGRAMS
SCHOOL OF AGRICULTURE
AT
PURDUE UNIVERSITY

March 1, 1994

TESTIMONY

To the
Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies

Committee on Appropriations
U.S. House of Representatives

Presented by
Allan D. Goecker
Chairman, FY 1995 Budget Committee
Academic Programs Committee on Organization and Policy
National Association of State Universities and Land-Grant Colleges

Mr. Chairman and members of the Subcommittee, I sincerely appreciate this opportunity to present testimony in support of the FY 1995 Budget Recommendations of the National Association of State Universities and Land-Grant Colleges. Specifically, I wish to request your increased investment in five priority food and agricultural science higher education programs currently funded by Congress and administered by the Cooperative State Research Service of the U.S. Department of Agriculture. These five programs are of critical importance to students and other citizens served by U.S. colleges of agriculture and natural resources located in each state and territory.

Food and Agricultural Higher Education Programs	**FY 1995 Requested Investment**
Institution Challenge Grants Program	$5.0 million
Graduate Fellowships Grants Program	$4.0 million
Higher Education Multicultural Scholars Grants Program	$3.5 million
1890 Capacity Building Grants Program	$13.0 million
Morrill-Nelson Program	$2.85 million

Perhaps the critical value of the U.S. public investment in these high priority food and agricultural education programs can best be observed from a distant perspective, away from the daily challenges and routines. During February 2-4, 1994, I had the distinct opportunity to view the U.S. Agricultural Education and Training System---its people, programs, and support structures---from a distance.

The location was in the library meeting room of the Timirazev Agricultural Academy, the flagship Russian agricultural university located in Moscow. Gathered were some 125 leaders from the Russian Ministry of Agriculture and Ministry of Education, the Russian Academy of Agricultural Sciences, rectors and prorectors from a number of Russian agricultural universities, and food and agricultural education leaders from more than a dozen western and central European countries.

They were meeting to discuss observations and recommendations regarding the future operation of the Agricultural Education and Training (AET) system of Russia. Several months ago, the Russian Ministry of Agriculture invited the Organization for Economic Cooperation and Development (OECD) based in Paris to send a seven-member international team to review and evaluate its Agricultural Education and Training system, and to make recommendations. As a member of that OECD team, I had the unusual opportunity to explore and to evaluate the many facets of the Russian Agricultural Education and Training system, and to gain, simultaneously, a new and significantly better perspective on the highly intricate structure of the U.S. Agricultural Education and Training system which, regrettably, seems to be increasingly taken for granted in our society.

My purpose is not to provide a long report of the OECD review team recommendations regarding the future of the Russian Agricultural Education and Training system. But, through some comparative and reflective observations, I wish to emphasize as strongly as I can the critical importance of adequate U.S. investments in the food and agricultural education programs of our nation's state universities and land-grant colleges.

Compared to the monthly earnings of a Russian agricultural college professor or agricultural scientist, one can earn six times as many rubles driving a city bus in Moscow. Consequently, during the past two years, nearly one-third of the Russian agricultural educators and scientists---generally, the most productive and capable individuals---have left the universities and the agricultural research institutes to pursue more profitable career opportunities in a growing number of business ventures throughout Russia. Obviously, the Agricultural Education and Training system is in a serious state of decline due to this extensive professional migration.

Fortunately, the U.S. Agricultural Education and Training system has not experienced the acute disruptions that were observed in the AET system of Russia. But, one can conclude, from a distance, that the U.S. Agricultural Education and Training system is currently operating in a sub-optimal manner from chronic under investments in priority human capital development programs. Food, agricultural, and natural resource faculties have dwindled in U.S. universities during the past fifteen years, and insufficient resources have been available to challenge and to support the remaining faculty to be most productive in serving students.

In 1977, Congress designated the U.S. Department of Agriculture as the lead Federal agency for conducting higher education programs in the food and agricultural sciences. Federal appropriations for food and agricultural higher education programs have increased only slightly from $14.2 million in 1978 to $18.1 million in 1993. Adjusting for inflation, this serious erosion of support has resulted in inadequate preparation and under representation of minorities in food and agricultural occupations, marginally effective agricultural and natural resource educational programs in many universities, and a decline in the quality of students who are preparing for future science and business careers in our nation's agricultural and food system.

The somewhat better news is that Congress is now investing in five U.S. Department of Agriculture higher education programs, four of which are in critical need of additional funding in FY 1995. The Academic Programs Committee on Organization and Policy of the National Association of State Universities and Land-Grant Colleges is requesting the Appropriations Committee of the U.S. House of Representatives to make the following FY 1995 investments:

Institution Challenge Grants Program - $ 5.0 million

The competitive Institution Challenge Grants Program is highly important to all citizens who are served by all U.S. colleges offering programs in the food and agricultural sciences including specializations in agriculture, forestry and natural resources, home economics, and veterinary medicine. Faculty proposals to improve the quality of higher education in the food and agricultural sciences are reviewed and grants are awarded to a very small proportion of the applicants due to intense competition.

Since the program was established in 1990 by Congress, 96 challenge grants have been awarded in targeted areas such as improving the international capabilities of agricultural graduates, enhancing the ethical dimensions of food and agricultural science and technology education, developing educational efficiencies through distance learning programs, and recruiting a more diverse student population to prepare for careers in the food and agricultural sciences. Institution Challenge Grants Program awards have been more than matched dollar for dollar by non-Federal appropriations thus increasing the impact of this highest priority program.

Graduate Fellowships Grants Program - $4.0 million

In response to many requests from business representatives, agency officials, and food, agricultural, and natural resource educators, Congress established the national needs Graduate Fellowships Grants Program in 1984. The program was designed to attract more highly qualified students to enter graduate degree programs to prepare for agricultural science and business specialties of national priority.

Within the limited budget parameters, the Graduate Fellowships Grants Program has been successful in increasing the pool of highly qualified students in the food and agricultural sciences. During the past decade, 722 individuals with excellent academic credentials have been awarded fellowships through this program. The Graduate Fellowships Grants Program has a proven and effective performance record, but it is a very small national program which seriously needs an infusion of additional resources to meet the diverse and sizable requirements of agriculture, forestry and natural resources, home economics, and veterinary medicine.

Higher Education Multicultural Scholars Grants Program - $3.5 million

With an initial appropriation from Congress in FY 1994, this program has the primary goal to stimulate minority student enrollment and retention in food and agricultural science higher education programs so that the U.S. food and agricultural system will benefit from the contributions of a more diverse group of college graduates. 1992 national data indicated that minorities accounted for only seven percent of the total enrollment in our nation's colleges of agriculture and natural resources. If the U.S. is to have an efficient and highly productive food system in the coming years, it is absolutely essential to expand participation of minorities in the food and agricultural science and business occupations.

Each $1.0 million of Federal investment in the Higher Education Multicultural Scholars Grants Program will provide funding for about 50 students. Scholars are selected on the basis of academic merit and are supported during the completion of baccalaureate degree curricula. The Academic Programs Committee on Organization and Policy of the National Association of State Universities and Land-Grant Colleges is recommending a major expansion of this program in FY 1995.

1890 Capacity Building Grants Program - $13.0 million

During the four-year history of the 1890 Capacity Building Grants Program, Congress has appropriated a total of $33.0 million. On a competitive basis, 1890 colleges and universities have been awarded funds for 89 teaching projects and 81 research projects. Also, an additional $25.4 million of non-Federal matching funds have been allocated to these 170 high priority projects to strengthen the teaching and research programs in the 1890 colleges and universities.

Examples of the teaching projects which have been supported through the 1890 Capacity Building Grants Program include improving the quantitative skills of agricultural majors, developing electronic learning centers in 1890 college libraries, enhancing capacity related to telecommunications and distance learning, and improving the student recruitment, retention, and experiential learning activities in 1890 colleges and universities. These projects have increased the access for many minority students to participate in food and agricultural science programs of enhanced quality. Further development of teaching and research programs through the 1890 Capacity Building Grants Program is necessary, and is a high priority for proposed Federal funding for FY 1995.

Morrill-Nelson Program - $2.85 million

Appropriations to the Morrill-Nelson Program provide for $50,000 annual grants to states and territories to support higher education programs in the food and agricultural sciences. This base program provides an ongoing stimulus to colleges and universities to invest in higher education degree programs in agriculture.

While additional appropriations are not requested in FY 1995 for the Morrill-Nelson Program, the Academic Programs Committee on Organization and Policy of the National Association of State Universities and Land-Grant Colleges strongly recommends continuation of this investment in the U.S. food and agricultural higher education system.

In closing, I wish to share one more perspective from a distance. Perhaps the most attentive audience or class that I have ever experienced during my 28-year professional career was at the Timirazev Agricultural Academy in Moscow on February 4, 1994. I had the opportunity and privilege to present an overview of the U.S. Agricultural Education and Training system to those who had gathered to evaluate and chart the future course for the Russian AET system. There was no doubt whatsoever that the agricultural teaching, research, and extension education system of the U.S. land-grant colleges and universities was of paramount interest to those in attendance. What is increasingly taken for granted in the U.S., is increasingly respected elsewhere in the world. Each of us can benefit from that perspective as decisions are made regarding future public investments in food and agricultural higher education programs.

Thank you.

International Committee On Organization And Policy

International Section
The Division of Agriculture
National Association of State Universities and Land-Grant Colleges

TESTIMONY

PRESENTED TO THE

SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD
AND DRUG ADMINISTRATION, AND RELATED AGENCIES

OF THE

COMMITTEE ON APPROPRIATIONS,
U. S. HOUSE OF REPRESENTATIVES

ON BEHALF OF THE

INTERNATIONAL COMMITTEE ON ORGANIZATION AND POLICY (ICOP)
OF THE
NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND-GRANT COLLEGES

BY

DR. MICHAEL F. NOLAN

ASSOCIATE DEAN AND DIRECTOR, INTERNATIONAL PROGRAMS IN AGRICULTURE
AT THE
UNIVERSITY OF MISSOURI, COLUMBIA

March 1, 1994

Mr. Chairman and members of the subcommittee, my name is Michael Nolan. I am Associate Dean and Director of International Programs in Agriculture at the University of Missouri. I submit this testimony on behalf of the International Committee on Organization and Policy (ICOP), of the Board on Agriculture of the National Association of State Universities and Land Grant Colleges (NASULGC).

The rapid spread of technological change is revolutionizing virtually all aspects of our lives, from the genetic mapping of plants to the near-instantaneous transmission of information anywhere in the world. In order for the United States to sustain a competitive advantage in the world, the U.S. science and technology base must be maintained and enhanced. The agricultural science and education programs of both USDA and the land grant university system must consider that the prosperity of U.S. agriculture will depend on our active participation in the global science and education networks.

The U.S. is not the only actor in the development of agricultural science and technology. Fully 90% of the World's agricultural scientists are located outside the U.S. We must find ways to systematically learn about scientific/technological developments in other countries and then modify those to U.S. conditions.

The global agricultural economy also requires that we learn much more about international markets if we are to remain competitive. Market research can identify niches which U.S. producers and processors can access. Such knowledge can identify new value added product opportunities thus helping in the transformation of our agricultural sector from an exporter of raw materials to high value consumer oriented products.

To fully exploit the opportunities offered by the global market, an integrated effort of research and education will be required. For far too long we have assumed there was nothing outside our border of interest to us. We now know better.

In the 1990 Farm Bill, congress authorized an enlarged role for UDA in terms of collaboration with institutions throughout the world engaged in agriculture and related research and extension activities. The international dimension of science and education, not as a separate component, but fully integrated into USDA, must be a priority. ICOP requests that this subcommittee seriously consider funding these activities in its appropriations for fiscal year 1994. We stand ready to work with you and USDA in further developing these activities.

Thank you.

Association of Research Directors, Inc.
OFFICE OF THE CHAIRMAN

1890 COLLEGES AND STATE UNIVERSITIES
PROGRESS THROUGH RESEARCH AND SERVICE

TESTIMONY

PRESENTED TO THE

SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES

OF THE

COMMITTEE ON APPROPRIATIONS,
U. S. HOUSE OF REPRESENTATIVES

ON BEHALF OF THE

1890 RESEARCH DIRECTORS
OF THE
NATIONAL ASSOCIATION OF STATE UNIVERSITIES AND LAND-GRANT COLLEGES

BY

DR. WALTER A. HILL

DEAN AND RESEARCH DIRECTOR,
SCHOOL OF AGRICULTURE AND HOME ECONOMICS
AT
TUSKEGEE UNIVERSITY

1890 LAND-GRANT COLLEGES AND UNIVERSITIES CENTENNIAL CELEBRATION
1890 1990

"100 YEARS OF PROGRESS
THROUGH TEACHING,
RESEARCH AND SERVICE"

"A NON-PROFIT ORGANIZATION"

Walter A. Hill, Ph.D.

Representative of the Association of Research Directors, 1890 Universities and Tuskegee, on the FY '95 Budget Committee, Board on Agriculture, National Association of State Universities and Land-Grant Colleges (NASULGC). Dean and Research Director, Tuskegee University, Tuskegee, Alabama.

Testimony

The Association of Research Directors (ARD) strongly supports the two top priorities and the total budget recommendations for FY '95 submitted by the Budget Committee, Board on Agriculture, NASULGC. An increase of 4.5 percent in base funds for research is being requested. These programs represent the long-term commitment of Land-Grant Universities to maintain a stable research base including personnel and facilities in the fields of agriculture and food sciences, natural resources and environmental sciences.

We strongly support the recommendation for an increase of 4.5 percent in base funds for the EVANS-ALLEN BASE PROGRAM at the 1890 institutions in FY'95. These funds provide the principal support to conduct basic and applied research to ensure a safe, economical and adequate food supply, promote a sustainable environment, conserve the natural resource base, and contribute to the improvement of the socio-economic well-being and overall quality of life of diverse rural and urban populations. These funds also contribute to the development of professional expertise (especially, minority students) in the food and agricultural sciences through focused programs.

We strongly support the recommendation for funding the 1890 CAPACITY BUILDING GRANTS PROGRAM at $13 million in FY'95. This program is critical in enhancing teaching and research programs at the 1890 Land-Grant Institutions and in advancing partnerships with industry, USDA agencies and other institutions of higher learning. Results from previous years have shown that this is a highly competitive program which helps in building both research and teaching in food and agricultural sciences on these campuses.

We also strongly support two programs that were authorized in the Food, Agriculture, Conservation and Trade Act of 1990: 1890 FACILITIES GRANTS ($8 MILLION) and 1890 INSTITUTION CENTERS ($2 MILLION). The facilities program enables the 1890 Institutions to provide opportunities and state-of-the-art facilities and equipment for scientists and students. The appropriation for the 1890 Institution Centers would provide for the establishment of five National Centers.

We strongly support the new initiative for 1890 Institutions on RURAL ECONOMIC AND SOCIAL DEVELOPMENT ($3.0 MILLION). Over 55 percent of the rural poor and 97 percent of the rural black poor live in the South. Targeted research is needed that will specially address the disadvantaged and underserved communities and families in the following areas: barriers to family and community development; incentives for new linkages and partnerships; infrastructure needs; businesses and job opportunities; enhanced development of human capital and leadership; use of natural resources for community development; and new markets for agricultural products.

The MINORITY SCHOLARS PROGRAM ($3.5 MILLION) addresses the critical need to increase the ethnic and multicultural diversity and numbers in the workforce available to the nation's expanding and complex food and agriculture system. We strongly support full funding of this program in FY'95.

COOPERATIVE RESEARCH AND EXTENSION (CARET)

WITNESS

ROBERT L. KIDD, CHAIRMAN, COUNCIL FOR AGRICULTURAL RESEARCH, EXTENSION AND TEACHING

Mr. DURBIN. Robert Kidd, with the Council for Agricultural Research, Extension and Teaching.

Mr. KIDD. Mr. Chairman and Members of the subcommittee, I appreciate this opportunity to appear before you today for the second time as Chairman of the Council for Agricultural Research, Extension and Teaching, commonly known as CARET.

You may recall, I am involved in ranching and agricultural business in Wyoming and have very definitely been a beneficiary of the land grant programs. Over the years, your subcommittee has come to know CARET as a grassroots citizens organization which works closely with their deans of colleges of agriculture and directors for research, extension and academic programs.

You know that the CARET delegates from your States as users of the system helped to develop the priorities, projects and budget requests to ensure strong land grant programs and to meet national needs. CARET delegates arrive to our meetings as parents, homemakers, agricultural business and urban entrepreneurs and they might be leaders of their business or commodity organizations. They might be the individual that works quietly towards a better extension service in their home county. CARET also contains within its membership a few individuals that might perhaps hold a public office at the State or local level. And because of this make up, and with the perception that we are taxpayers first, our discussions are very focused on the fiscal realities at the local, State and Federal level.

The CARET membership wants the membership of this committee to know that we, too, are very concerned about bloated budgets and have taken consistent positions for fiscal conservatism. However, as participants in the Board on Agriculture of the National Association of State Universities and Land Grant Colleges budget process, we know that the line items requested in this budget are not a drain on the Federal Treasury but are, in fact, an investment that will pay dividends to society and enhance our tax base.

During my tenure as CARET chairman, I have had the opportunity to interact with various organizations, such as the National Association of Counties, all of whom depend upon their Extension Service to serve their citizens, or, for example, the Southwest Indian Agricultural Association tribal leaders. It has given me a chance to learn of their specific needs.

Wyoming, for example, is 48 percent Federal land, a big issue for us at this time is rangeland reform, and needless to say, I find the answer to many of these specific needs in our land grant budget for research, extension and teaching.

CARET delegates understand your committee's responsibility to scrutinize this budget as to the cost and perceived benefits, and let me leave you with no doubts that we in CARET feel it is accurate and timely. The land grant system is working for all of us to meet our social needs for safe and abundant food supplies, a protected environment and for our economic development.

Mr. Chairman and Members of the committee, I thank you for the opportunity to speak with you today and thank you for giving this NASULGC's Board on Agriculture's budget recommendations for fiscal year 1995 and request your careful consideration. Please don't hesitate to ask me or the CARET delegates from your home States any questions about any portion of this budget because we do want to assist you in any way we can.

So thanks again for this opportunity to visit with you, and you do have written remarks for your permanent record.

Mr. SKEEN [presiding]. Thank you very much, Mr. Kidd.

I want to say to you that you do have a wonderful group of Representatives, because one of them is my house mate.

Mr. KIDD. She is a very capable CARET delegate.

Mr. SKEEN. Thank you very much. I appreciate that, but she was down there loading wool. We just got through shearing, so I escaped again.

But you folks do great work and it is a great organization. And I think it is a culmination of what we are trying to do in agriculture, is coordinate the research aspect with the teaching and the extension work and the rest of it. Lord knows, we need some representation because this is a small portion of our population today. But you do exciting work, and you do, I think, adequate work in representing agriculture and what is necessary and we appreciate the time that you give to your organization and the work—and the input that you have with us, Congress. We appreciate it very much.

Mr. KIDD. I appreciate that praise, Congressman Skeen, and I will tell the members of the organization that you are pleased.

Mr. SKEEN. I appreciate that. Everybody says we are so glad you gave us some of your time. I had to be here anyway. You all made the sacrifice. We appreciate it.

Thank you.

Mr. KIDD. Thank you.

[The information follows:]

TESTIMONY
OF
ROBERT L. KIDD
CHAIRMAN
OF THE
COUNCIL FOR AGRICULTURAL RESEARCH, EXTENSION, AND TEACHING

Mr. Chairman and members of the Subcommittee, I appreciate this opportunity to appear before you for a second time as chairman of the Council for Agricultural Research, Extension, and Teaching (CARET). You may recall that I am involved in ranching and agribusiness in Wyoming and have very definitely been a beneficiary of land-grant programs.

Over the years, your Subcommittee has come to know CARET as a grassroots citizen organization whose membership are the users of the research, extension, and teaching programs of the land-grant system. You also know that CARET delegates work with their respective colleges of agriculture in developing priorities, projects, and budget requests to ensure strong and effective land-grant programs to meet our national needs.

CARET delegates come to our national organization as parents, homemakers, agribusiness and urban entrepreneurs. They might be leaders in their business or commodity organizations or the individual that works quietly toward a better Extension Service in their home county. CARET also contains within its membership a few individuals that hold public office at the local or state level. Because of the very character of CARET, we are taxpayers first and our focus is on the fiscal responsibilities and realities at the local, state, and federal levels of government.

CARET's membership wants this Subcommittee to know that we too are concerned about bloated budgets and wholeheartedly support positions of fiscal responsibility. However, as users of land-grant programs and services, we know that the budget recommendations of the Board on Agriculture of the National Association of State Universities and Land-Grant Colleges (NASULGC) will not be a drain on our federal treasury. In fact, these recommendations will enhance the tax base of the nation and pay tremendous societal dividends. The NASULGC recommendations will allow the land-grant system to continue responding to the needs of the people residing in every state and territory of the nation and delivering solutions to many of the problems of today and tomorrow facing Americans.

During my tenure as CARET Chairman, I have had the opportunity to interact with various groups and organizations, such as the National Association of Counties (NACo), who depend on their county Extension office to serve their citizens. I also have had the opportunity to meet with the Southwest Indian Agricultural Association (SWIAA) and its tribal leaders to learn about the specific needs and discover how the land-grant system is moving to address those needs. At home in Wyoming where 48% of the land belongs to the federal government and rangeland reform is a constant topic of concern, I find the answer and potential solutions to many of our specific needs and concerns addressed in the budget recommendations agricultural research, extension, and teaching being offered by NASULGC.

There are numerous examples of success stories within the land-grant system resulting from the federal money provided to our land-grant universities, and I would like to share six examples with you:

RHODE ISLAND -- The water quality program at the University of Rhode Island has played an important role in water resource protection through the development of a comprehensive technology transfer process reaching a variety of audiences. These programs include: Watershed Watch Volunteer Monitoring (a statewide volunteer water quality monitoring program) and Water Quality Protection: Municipal Training (training local officials who are responsible for controlling non-point source pollution that may degrade water supplies, shellfish areas, and other important water resources).

OKLAHOMA -- The Oklahoma State University Pest Management Program is an interdisciplinary effort working with agricultural and urban clientele throughout the state. The objectives are to work with groups to improve economic, environmental, and social outcomes through education. Accomplishments include: improved agronomic practices; more efficient pest control methods that have resulted in savings for pesticide inputs of $8 to $10 per acre annually; increased profits for farmers by 23%; and reduced the energy expense, grain shrinkage, and pesticide inputs by an estimated $25 million per year in the storage and processing of wheat.

MINNESOTA -- At the University of Minnesota, research is underway on how to change the violent behavior of men who beat women by analyzing and comparing how well various interventions work. Rural interventions programs, as well as cultural and ethnic differences, have been studied. It is hoped that this research will yield more effective techniques for helping men who batter to become nonviolent.

VIRGINIA -- A solid and liquid waste management project was initiated by food scientists with the state's six mechanized clam processors. The information generated was used to obtain new waste disposal permits resulting in a $50 million industry with 1,500 employees to remain in business. An entomology study for the city of Norfolk reduced pesticide usage on urban trees by 80% -- saving money, manpower, and reducing pesticide usage an area bordering on the Chesapeake Bay.

WASHINGTON -- Washington State University developed leadership conferences for older Hispanic migrant youth. Only 40% of Hispanic children will attend school beyond the eighth grade. Eighty-five percent (85%) of the 65 Hispanic youth who participated in the conferences since 1989 are still attending high school or have graduated.

WYOMING -- Home economists at the University of Wyoming have developed a unique program that incorporates proper care of contaminated clothing into pesticide applicator training. It became evident that the spouses who often are caring for the clothing of pesticide applicators had no idea as to what precautions to take. This program addresses the selection and care of protective clothing, absorption rates for different materials, and proper techniques for cleaning contaminated garments -- improving the safety and health of pesticide applicators in Wyoming.

CARET's number one funding priority has always been and remains the base program funding for Hatch, Smith-Lever, the 1890s, McIntire-Stennis, and Morrill-Nelson. These essential programs provide the necessary infrastructure for what constitutes the core of the agricultural research and education programs of the land-grant university system. Our land-grant system will not be able to carry out its mandate of transferring new knowledge and technology of the food and fiber system to the very people in rural and urban America who need it.

In addition to the base programs, CARET also supports several priority initiatives: (1) the competitive grants program which is known as the National Research Initiative; (2) the Extension initiatives relating to sustainable agriculture, at-risk families, rural economic development, and nutrition; and (3) the initiatives in higher education which are known as the Institution Challenge Grants, Minority Scholars Program, Graduate Training Fellowships, and the 1890 Capacity Building Grants.

The National Research Initiative (NRI) allows for important and necessary research to be undertaken in the areas of plant systems; animal systems; nutrition, food quality, and health; natural resources and the environment; engineering processes and value-added; rural development, markets, and trade. The NRI provides an important mechanism for essential multidisciplinary research to be accomplished.

Extension is one of the most effective outreach systems in the world. Technological advances and knowledge are effectively transferred from the laboratory to our fields, homes, and communities. With the knowledge and technology bases continuing to expand, an educational transfer mechanism is vital if the farmer, consumer, businessperson, and general public is to progress. The Extension System's programs in sustainable agriculture, rural economic development, EFNEP, at-risk youth, teen pregnancy and health, and Indian reservation Extension agents seek to address the problems and challenges facing Americans today.

Congress has enlarged the role for agricultural research and education program in terms of collaboration with institutions throughout the world which are engaged in related activities. CARET certainly supports the integration of an international dimension into agricultural research, education, and teaching programs of the land-grant universities. This will be the only way America can remain a strong competitor in the global economy.

Mr. Chairman, CARET delegates understand your Subcommittee's responsibility to scrutinize this budget as to the costs and perceived benefits. Let me leave you with no doubts that those of us in CARET feel that the Fiscal Year 1995 budget recommendations of NASULGC are timely and "hit the mark" in meeting the five major societal goals identified by the Joint Council on Food and Agricultural Sciences -- enhancing human potential; sustaining the environment, agriculture, and natural resources; addressing social and economic changes in America; improving global competitiveness; and assuring health, good nutrition, and safe food. The land-grant system is working so all us can have a safe and abundant food supply, a protected natural environment, and economic development.

Thank you for the opportunity to speak with you today and for giving NASULGC's Board on Agriculture's budget recommendations for Fiscal Year 1995 your careful consideration. Please do not hesitate to ask me or your own CARET delegates about any portion of this budget, because we look forward to assisting you in every possible way.

COOPERATIVE RESEARCH AND EXTENSION (NASULGC—FORESTRY)

WITNESSES

DR. ALAN R. EK, NASULGC–SECTION ON FORESTRY AND NATIONAL ASSOCIATION OF PROFESSIONAL FORESTRY SCHOOLS AND COLLEGES, NAPFSC, AMERICAN FOREST AND PAPER ASSOCIATION

DR. PATRICIA LAYTON, NASULGC–SECTION ON FORESTRY AND NATIONAL ASSOCIATION OF PROFESSIONAL FORESTRY SCHOOLS AND COLLEGES, NAPFSC, AMERICAN FOREST AND PAPER ASSOCIATION

Mr. SKEEN. Dr. Alan R. Ek; are you accompanied by Dr. Patricia Layton?

Ms. LAYTON. Yes.

Mr. SKEEN. We will hear from you both.

Thank you.

Welcome to the committee.

Mr. EK. Thank you, Mr. Chairman, Mr. Skeen.

My name is Alan Ek, I am Head of the Department of Forest Resources at the University of Minnesota. My testimony today is presented on behalf of the National Association of Professional Forestry Schools and Colleges, an organization representing over 60 universities that conduct the Nation's research, teaching and extension programs in forestry and related natural resources.

My formal testimony has already been submitted to the committee, and I would just like to preface those remarks, and following that preface, I would like to turn this over, and still keep within your time limits, to Dr. Patricia Skeen, from the Scott Paper Company—Dr. Patricia Layton——

Mr. SKEEN. That is all right. I will adopt you.

Mr. EK [continuing]. And ask her if she will help wrap this up for us.

First, NAPFSC wants to thank the Congress for recognizing and supporting what we have requested for last year, as what we call the Forestry Research Initiative, with the focus on ecosystem management, and components of that request really led to new funding for the Cooperative Forestry Research Program, for the National Research Initiative, for the Renewable Resource Extension Act and for the U.S. Forest Service.

As we move to improve stewardship of our natural resources, I think we only need to read the newspapers to see that that stewardship is increasingly important to us. It is imperative that that be based upon sound information that permits a rational evaluation of the often rather complex trade-offs involved.

Regrettably, the science needed to support sound management is far from complete. There is further "no one size fits all." We will need site-specific, landscape-level research, regional, local and technology-based research. As a Nation we simply have not invested to the extent that we are capable to make this move to effective stewardship without that effort.

In 1995, the forestry research community is moving again as a group in cooperative effort, and I wanted to bring to your attention four requests that are outlined in more detail in my testimony: The first is the Cooperative Forestry Research Program, sometimes referred to as the McIntire-Stennis Program. This program has been an unqualified success. The program is leveraged by a factor of four or five at the local level. It is really the cornerstone of the Federal-State cooperation and partnership in forestry and related natural resources research.

As a justification for this program, we note that it was authorized originally at 50 percent of the Forest Service research budget. As late as 1988, it was 13 percent of that budget. Today it stands at 11 percent. We seek an increase to at least $25 million which would take it back to 12 percent of the Forest Service research budget.

The second request, as others have indicated, is support for the National Research Initiative Cooperative Grants Program. That helps forestry research as well. We see it as providing the foundation for future economic gains and sustainable development capability.

The third request is for your support of at least $6 million as an appropriation for the Renewable Resources Extension Act. That is the forestry and related natural resources extension effort to make the research we conduct available to user groups.

Finally, our last request, and I will detail that further to you at a later date, is an initiative we have entitled Sustainable Natural Resources Management, and you will find that as a new line in the NASULGC request. This initiative at a request level of $6 million recognizes the important transitioning of forest products demand over the last few years, from public lands to private lands, and the fact that there is but a skeleton force of forestry and forest product capabilities to meet the needs of this transitioning efforts.

With that, I would ask Dr. Layton if she would give her testimony.

Ms. LAYTON. Good afternoon. I am the Manager of Forest Technology and Issues at Scott Paper Company, and I am here today speaking on behalf of both my company and the American Forest and Paper Association's Resources Research Committee.

I appreciate the opportunity to present our committee's recommendations to you. I believe my written testimony has been provided for your use, and in order to keep you on schedule, I am just going to briefly highlight a few things.

First, I would just like to introduce AF&PA, we are a national trade forest association, representing forestland managers, solid wood producers and the pulp and paper manufacturers in the United States, with about 1.4 million employees, annual sales of $190 billion and 7 percent of the Gross National Product. The forest products industry is a significant contributor to the Nation's economic strength, quality of life and protection of the environment.

I am going to just highlight a few of the things that are very important for us today. We believe that forestry research is severely underfunded given the economic and environmental importance of the Nation's forest resources. Major investments in forestry research will be needed for the north forest products industry to remain competitive on a global scale while at the same time conserving and protecting the many functions and values of the forest resources of this country.

As many of you know, we were rated one of the only two American industries as a plus in the global competitive environment in a recent Fortune Magazine analysis.

We have a lot of major natural resource conflicts in this country. The spotted owl in the Pacific Northwest, wetlands in the Southeast, and we need research in these public policy issues to be conducted and answers found so that we risk—or we risk continued gridlock because of inadequate information.

We recently did a research report, and I am going to ask this to be submitted for your record, and it kind of outlines the priorities that industry has shown for this. We found that there is consistent research priorities across the—in each region of the Nation, and they are very important research priorities. The Forestry Research Initiative resulting from the National Academy of Sciences Report: "Forestry Research Mandate for Change," is a very important initiative.

We believe that even though the full program recommended can't be funded because of current budget realities, that we take that report and implement it in stages and we would hope that you could look at that, and take the first steps to implement those programs.

We have been coordinating closely with many of the interested parties, agencies and environmental groups that have worked on developing research priorities under this, and we believe that the things that we are representing here represent a lot of those interests.

One particular area of emphasis that I would like to point out is an area that I have worked in for the last nine years, that is the area of short rotation-intensive culture forestry. As you know, more land is being withdrawn from the public arena and there is less timber from public properties, so we are placing higher and higher burden on private landowners to produce that timber for needs of this country.

One of the things we are seeing is that is going into what I would call "marginal farmlands," lands that have been taken out of farming in the past or can be taken out of farming in the future. And one of the things we envision is a short rotation intensive culture, plantations which could be integrated into the agricultural community easily. But there is research needed in developing both species, genetic improvement of those species, control of competing vegetation, soil amendments to make those sustainable forests that can actually be managed within the rural landscape.

I am talking about forests that we cut down in like 5 to 15 years, but that fit easily into the farm landscape system, and I think that is a big initiative we need to see more of, especially as we look at changing the scope of rural development, adding crops into their area, things like that. I think that is something we should look at.

I would specifically like to ask for support of the McIntire–Stennis Act. I think you have—Alan mentioned the number that we were requesting. I personally benefited from this act. That is what supported a lot of my graduate education, and I certainly couldn't have done my Ph.D. research without McIntire–Stennis funds. And to highlight Alan's point about how this is leveraged, let me tell you that although the McIntire–Stennis funds paid for part of my travel and expenses while I was out doing field work, the field work was done on industry lands.

They had invested the cost of the land, the site preparation, the planning of those forests because the trees that I was working with in my research were already six, seven and eight years old and so they had already had that time investment, the money involved in that and they provided that and that is how we leverage research.

And as a company, now with my company, we actively encourage getting university researchers and having them come out and work on our lands to undertake research projects and this is how McIntire–Stennis gets leveraged, and I really appreciate that. It has been a big help to our country and our industry in general.

We also want to underscore our support for the Competitive Grants Program as a part of the National Program on Research, on Agricultural Food and the Environment. We recommend that 20 percent of that be dedicated toward forestry research projects.

We believe we are a big part of agriculture and we really want to get our fair share. Trees, because they are so long term and sort of complex ecosystems, need a lot of different kinds of research than we have gotten in the past. Even though some things have been demonstrated on corn, sometimes they have to be reinvented when you apply them to pine trees. And we think investments in this type of research is very important and it also will bring to bear getting us new types of researchers, looking for doing research on our areas, getting people from other disciplines into doing forestry research. It will give us a lot of innovation and new ideas and something we are anxious to get. We would like to support $6 million for the renewable Resources Extension Act. I can't tell you how important it is in that 50 percent of the landowners—or 50 percent of the land, forestland, is owned by private citizens, not industry. Fifty percent of the land base in forestry, commercial forests are owned by individuals, and extension agents are our number one contact with those people and helping them learn about forestry, how to manage forests, how to grow forests and that is very, very important.

Having demonstration programs, field sites where they can go for field day and visits those things. All of those things can be done in the Renewable Resources Extension Act, and we think they will promote good forestry, good forest management and provide cleaner water, better wildlife habitat all along, if we can train people who own the land how to manage the land, and extension is the best way to do that.

We would also like to support the initiative that Alan talked about, the Sustainable Natural Resources Management Initiative. We believe that we do need more extension agents and other people out there helping us in the field. We are very much understaffed and underfunded, and I think in your areas which are very highly into agriculture, your extension agent probably has never had a forestry course or hasn't had a lot of training in forestry and we need to bring that to bear so that those options are available to local farmers.

Thank you for your time this afternoon. If you have any questions, I would be pleased to respond to those.

Mr. DURBIN. Thank you, Dr. Layton.

Perhaps this doesn't relate specifically to your Forestry Research Committee, but I listened intently thinking that perhaps at some point in your testimony representing the American Forest and Paper Association you would use the word "recycling." Is there a reason why you did not?

Ms. LAYTON. I think we were concentrating on the forestry resources themselves today, although in the research budget, as I understand it, there is an initiative on recycling of wood products and areas of that, I think under the——

Mr. EK. Mr. Chairman, the Research Initiative as this group of cooperators worked up last year, was focused primarily on ecosystem management. This year we would like to expand that to more areas.

In fact, recycling has been a major area of research within the U.S. Forest Service and within forestry schools, and we see ourselves really moving from a few years ago to 20 percent recycling capability, for example, with paper to 30 and by the year 2000 perhaps to 50. That recycling is a major way that we extend the resource, basically add to the supply, in a sense, and provide for environmental quality at the same time. So that recycling is really part and parcel of the five, what we call, "major breakdowns of forestry research" as described by the National Research Council Report.

Mr. DURBIN. I read recently that 37 percent of the content of our landfills is paper, so that is clearly one national problem. What we do with recycling would also have a direct impact on forestry research and our needs for the future. So I can see where there is a direct relationship.

Thank you.

Mr. Skeen.

Mr. SKEEN. Thank you, and thank you, doctors. Appreciate your testimony. I wanted to talk to you about recycling. You covered that pretty well, I think. The reason it cropped into my mind is that building materials have gone up 200 percent, I think in the last couple of years because of the spotted owl situation and some of the rest.

You spent a lot of time talking about propagation of species in your dissertation, and also reforestation, I believe?

Mr. EK. Yes.

Mr. SKEEN. Why in the world as technologically advanced as we are, can't we refute this stupid idea that you can't propagate a species and still harvest a renewable resource? Is that beyond our capability or are we just supposed to leave everything alone?

Mr. EK. Mr. Skeen, one of the things we really have going that we are trying to address with the Sustainable Natural Resources Management Program is a greater initiative and extension in the area of understanding natural resources policy. And you are right, there is a combination of "the sky is falling" myth out there that is very difficult to work with and we need a significant educational program for landowners, the general public and professionals to help professionals move those, that understanding more clearly.

Mr. SKEEN. You use the word "professionals." I will go along with it because I think popular news items lack a lot of professional background and good information. And you know, I think a lot of the business of some of these activities that we are involved in saving the world, are more aimed at enhancing somebody's wallet because of the scare tactics in this thing.

This country is a great advocate of donating or contributing to causes, but let me ask you just one other question about old forests. I have always been mesmerized by this because I spent some time doing forestry work. We did the surveys on fires for number one, and also you could take an old forest and go in there and see the disease rate amongst the trees from bugs and the natural attrition. And with good management, it would have been cleared out. I think it is more of a hazard. Yet, there is something sacrosanct about an old forest.

Don't forests grow, die, revolve and renew themselves? But under this situation now, we are mostly going to ruin them because of insects and bugs, other diseases.

Mr. EK. Mr. Skeen, you are quite right, and one of the things we have been looking at more recently is describing what those forests were, what they have gone through and where they are likely to go under a variety of kinds of investments that society might make, and I think we really do have a concept of the pristine pre–European settlement forest that is not often very close to reality and we really need to get that across.

I just want to emphasize one point. You know how effective we have been in agriculture, and if you take my State, which is Minnesota, noted for agricultural production, we have 300 agricultural extension agents in the Minnesota Extension Service. They have been extraordinarily effective in communicating needs and interests and technologies in agriculture. When we look around the country, or if you take my own State when you look at forestry, you have got three extension workers, and that is our problem. That is really why we are moving to this initiative.

We have a fair amount of research to get out there. We really don't have a forest to get it out there. And so it brings me to the initiative again in the sense that if we are going to make a dent in this perception of forestry issues, it is going to take a major effort.

Mr. SKEEN. I agree with you. I noticed some time ago in Europe the areas that have been reforested over centuries, and they have beautiful stands of timber, particularly in the area of Germany, where they very carefully stack every piece of wood. I think every morsel of wood is always very neatly stacked and all the forestry work is done, hauled out and stacked on the edge of the forest and harvested. Yet they are repropagating the same forest over and over again and have for a century. It is something we will have to work on.

Thank you, Mr. Chairman.

Mr. DURBIN. Ms. Kaptur?

Ms. KAPTUR. Thank you.

I notice your industry had a hundred billion dollars' worth of sales, and assets would be many times that.

Ms. LAYTON. Yes, ma'am.

Ms. KAPTUR. You then go on to request assistance in different types of research, $28 million, $140 million, et cetera. I guess my question really is the one that our constituents always ask us: What is the appropriate role for the Federal Government, and why should you be funding this research, particularly when it benefits firms that are so well endowed and have great success in the marketplace?

What I heard you say is, one of the stronger arguments you made was that since half of the forest lands in this country are in private hands, there is a rationale, we need extension agents, et cetera. Do you think that is a strong enough argument?

Ms. LAYTON. Well, it is certainly one that I think is very strong. I think there are some other arguments we could make, and may not have time to discuss today, but I think one of the things that we have to remember is that the forest industry does have large investments in forest research in addition to the investments we are asking for from your committee.

Ms. KAPTUR. If I might interrupt, what makes what you are asking the Federal Government for a little different from what you would fund yourself?

Ms. LAYTON. I think we would probably not fund some of the types of research that are longer term, more basic ecosystems-type research. We probably would not—although we have some outreach programs—we might not reach into some States where the forest industry is not as large. Certainly we are going to fund more the research that is increasing productivity, whereas ecosystems-management-type things, landscape-type things, things that go across so many different types of ownerships, it would be much, much harder for us to fund.

And also, I think there are things like genetic conservation, long-term genetic conservation types of research, biodiversity types of research that are really not our direct interest to fund, but are in the interests of the country to fund, to conserve resources for the future.

Ms. KAPTUR. All right. Thank you very much for that.

Dr. Ek, I just wanted to ask you, when you think of forests I think of Georgia, and I think of northern Michigan and I think of Minnesota. Ohio has a lot of forested land, but I don't really view it in the same way as we might look at some of the Western States. Yet Ohio has a lot of wooded land.

When Dr. Layton talked about plantations and trying to plant new areas to produce trees, could you give me a sense of where the Midwest fits in all of this?

Mr. EK. Yes. The Midwest is increasingly a major player in all aspects of forestry, especially as we reserve more lands in the West, and just in my State and probably in Ohio, what you buy at the lumberyard or pulpwood or whatever has gone up in value 50 to 200 percent in the last three to five years.

If we scratch the surface, we would probably find at least 200 or 300 sawmills in Ohio, we would find quite an active forest industry.

If I recall, in the southern part of the State, we would see urban forestry as very important, which is a component of our research programs. I think because——

Ms. LAYTON. Neat paper.

Mr. EK. We could look up Ohio quickly and we would find substantial forest products relate employment, not only in the primary portion of the industry, but in the secondary, manufacturing, furniture, publication, et cetera, a variety of things related to forest products.

Ms. KAPTUR. Thank you.

Thank you, Mr. Chairman.

Mr. DURBIN. I thank the witnesses.

[The information follows:]

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SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES

OF THE

COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES

ON BEHALF OF THE

NATIONAL ASSOCIATION OF PROFESSIONAL FORESTRY SCHOOLS AND COLLEGES

BY

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RESEARCH CHAIR, NAPFSC
AND
HEAD, DEPARTMENT OF FOREST RESOURCES
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March 1, 1994

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Research
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STATEMENT BY THE NATIONAL ASSOCIATION OF PROFESSIONAL FORESTRY SCHOOLS AND COLLEGES

I am Alan Ek, head of the Department of Forest Resources at the University of Minnesota. With me is Dr. Richard F. Fisher, Head of the Department of Forest Science at Texas A&M University. This statement is presented in our capacity as research chair and president, respectively, of the National Association of Professional Forestry Schools and Colleges (NAPFSC).

Our organization represents the 62 universities that conduct the nation's research, teaching and extension programs in forestry and related natural resource areas. We appreciate this opportunity to comment on three programs administered by the U.S. Department of Agriculture which undergird the educational and research efforts at these 62 institutions. They are the McIntire-Stennis Cooperative Forestry Research Program, the National Research Initiative, and programs conducted under the Renewable Resources Extension Act.

Funding appropriated by Congress for the Cooperative Forestry Research Program has been a crucial part of the support for university-based research and vital to the training of future scientists and educators for more than 25 years. These funds have been wisely used and have brought much in return. Each dollar in federal appropriations has been leveraged by a factor of five to six in nonfederal dollars in support of research programs having both regional and national significance.

Within states, regionally and overall, these programs have been an unqualified success. They have improved the understanding of i) the biology of forest organisms, ii) the structure and function of forest ecosystems, iii) human-forest interactions, iv) wood as a raw material and v) international trade, competition and cooperation. These university-based programs have advanced our knowledge of the forest ecosystem and of the basic chemical, physical and biological forces which influence forest productivity. At the same time they have increased the types and market horizons of environmentally friendly and renewable wood based products. Further, this effort has significantly aided the understanding of forest management systems appropriate for multiple-use of forest lands for timber, water, wildlife and recreation and aesthetic purposes.

Despite the gains that have been made in developing research information needed to maintain the health, productivity and biodiversity of our forest resource, much remains to be done. In fact, the research community, in common with the administration and members of Congress, face growing public concern over ancient forests, threatened and endangered species, global warming, wetlands, wilderness preservation, tropical deforestation, sustainable development and related environmental issues.

In my own state, Minnesota, we are just completing a generic environmental impact statement that attempts to assess the long range and cumulative effects of timber harvesting on the state's forests and impacts on water, wildlife, recreation, aesthetics, economics and the sustainability of development. In fact, many states are seeking such information to plan their future. These studies in themselves, however, show many of the same information inadequacies evident with federal lands.

Despite our progress, this testimony is driven by the simple fact that the science to which resource management and national, state and local policy measures can be anchored is simply inadequate. The urgent need for research on environmental issues related to forest lands is most apparent at the state and local levels. Management of land for timber, water, wildlife and recreation is becoming increasingly more difficult and expensive for lack of reliable information on the best management and harvesting practices on a site specific, landscape and regional basis. That truly hinders thoughtful movement to ecosystem management. In support of this understanding, I note that environmental research was ranked first among research needs—above timber production—by the Southern Industrial Forestry Research Council, an organization representing the major forest-based industries in the South.

New funding for ecosystem management research provided by the 102nd Congress is already moving to support the above noted needs. This request is for your continued support of university-based forest research. This request is closely tied to the increasing importance of the forest resource to the economic and social well being of our citizens. The growing and processing of timber provides the economic underpinning for literally thousands of communities in all regions of the country. Some examples are:

•Minnesota–the forest products industry is the second largest industry and a major area of industrial expansion.

•Texas–timber is the second largest crop and it accounts for the largest value added sector associated with agricultural production.

•Mississippi–thirty-eight percent of all manufacturing firms are in the forestry sector. Collectively, these firms account for approximately one-fourth of all manufacturing employment, payrolls and value added and for almost half of all capital expenditures for manufacturing facilities.

•Illinois–the forest related industries employ 55,000 people and contribute $2 billion to the state's economy through valued added manufacturing. Still, the forest area in Illinois is increasing and those forests have the potential to greatly increase their productivity. Illinois is also a leading state in recognizing the importance of urban forestry programs.

•Arkansas–the forest products industry accounts for one of ever 6 basic jobs. Over half of the state is forested and timber was the states leading cash crop.

•Oregon–the forest products industry represent 31% of the manufacturing jobs and represent $.35 of every $1 generated by the state's economy.

There is convincing evidence that forest products will become even more important in the future. Global demand for forest products is increasing. This increase in demand coincides with diminished wood supplies in many established wood-producing countries of the world. The United States is well positioned in terms of timber supply and manufacturing and transportation infrastructure to satisfy a major share of this increase in demand. However, continued economic health of forest-based industries will require that we develop more efficient and environmentally softer production and processing systems if we are to compete in a growing international market where foreign competition is also increasing.

This economic characterization of the forest resource must also recognize the very significant degree to which our forests provide the setting for outdoor recreation and the considerable economic impact associated with that. In many areas, tourism and the forest products industry coexist very effectively and together make for very viable communities.

There is also convincing evidence that forests, by virtue of their structure and biodiversity, will become even more important as wildlife habitat and to maintain the gene pool for a wide range of plants and animals. Especially important to maintaining biodiversity will be the spatial linkage that we provide between forest communities across the landscape.

It is clear that the problems we are facing are more complex than any issue previously dealt with by mankind--we will not be able to provide needed goods, services and values the people require AND sustain our ecosystems if we do not improve our understanding of how those systems function, both now and under some desired future condition.

President Clinton, in his recent statement "Vision of Change for America," recognized the importance of a stronger forest resources research program. That fits well with the recent National Research Council study on forestry research authorized by the National Academy of Sciences. The study report entitled "Forestry research: A mandate for change," recommended a significant strengthening of forestry research. Subsequently a study implementation committee and plan was developed. Since then we have been working closely with the implementation committee, USDA Forest Service Research, state foresters, forest industry, professional societies and interest groups to develop a cooperative effort known as the **Forestry Research Initiative**. We see this effort as an imperative for the environment and the economy.

This initiative would recognize the scientific basis needed for ecosystem sensitive resource management--that it requires a combination of (1) basic long-term inquiry; (2) issue-focused, problem solving interdisciplinary research and development; (3) scientific support to ongoing management of lands and resources, such as through ecological classifications, inventories, ecological analyses and monitoring and evaluation; 4) innovation in product development, utilization and recycling; and (4) integrating science into the policy-making process. From the standpoint of a university role, we see this as especially important to state and regional concerns as pressures on federal lands are shifted to other ownerships.

As part of the coordination in this initiative, university funding would be largely directed to the problems of state, local and private ownerships. In particular, the large non industrial private forest landownership (NIPF) nationally would be targeted as one that will have to carry a larger share of the burden for timber production and where considerable improvement in management is both desirable and possible for a wide range of forest values.

This application of science to resource management also calls for a systematic extension process to (1) provide continuing education for natural resource professionals; (2) enable landowners/managers/industry to adapt and utilize research results; (3) assure basic understanding by public decision-makers, and (4) reach the general public with education to guide their individual and collective efforts.

University-based forest research is an important part of the collaborative research effort involving federal, state and industry scientists and resources. Schools and colleges with programs in forestry and forest products have the expertise in house to address a broad range of problems and opportunities related to the forest resource and its utilization. Because of their university affiliation, they can conduct research on problems that require scientists from many disciplines. This is important in the context of increasing public concern about the environment and the need to maintain healthy, productive forests to meet the increasing demand for both consumptive and nonconsumptive uses of the forest resource. It is for these reasons that we respectively request your support in securing an appropriation of at least $25 million for the Cooperative Forestry Research Program.

We also request your consideration of a funding level of $144 million for the Competitive Grants Program administered under the National Research Initiative of the USDA. This program is increasingly important to natural resource scientists. It emphasizes high priority, basic and applied research needed to expand our knowledge base and to provide the foundation for future economic and social benefits. Funds from the National Research Initiative enable forestry schools and colleges to build upon the base provided by the Cooperative Forestry Research Program.

We further request your continuing support for programs administered under the Renewable Resources Extension Act. Appropriations made available under this Act help make possible the timely dissemination of research results derived from the Cooperative Forestry Research Program and the National Research Initiative. Activities supported by these funds are an integral part of the outstanding programs conducted by the Cooperative Extension Service in each state. We respectfully recommend an appropriation of at least $6 million for the Renewable Resources Extension Act (RREA).

Finally, we ask your support of a new initiative designated **Sustainable Natural Resource Management**. This initiative is intended to complement the operational support provided by RREA. Specifically, extension education can improve the selection of forest management options favoring both sustainability and productivity. The proposed extension program focuses on three issue areas: (1) enhancing productivity and integrated forest stewardship, (2) forest products processing, and (3) understanding natural resource policies. The first of these emphasizes new approaches to commodity and non-commodity forest resource values and environmental stewardship. The second addresses new products, new technologies and the development of expanded markets. The third recognizes the need for understanding policy alternatives at all levels of government--policies that provide for property rights, environmental quality and the stability of resource dependent communities. The initiative charts a program to implement a significant increase in program capacity at state and regional levels, plus coordination, leadership, and materials support.

We know that our request for increases in funding for forestry research come at a time when Congress must deal with budget shortfalls. However, we believe that the number and complexity of the economic, social and environmental issues associated with the forest resources of the United States provides strong justification for increased funding. This position is supported by the "Forestry Research: A Mandate for Change" report in its recommendation that funding for the Cooperative Forestry Research Program be increased over a period of five years to its authorized level of fifty percent of the USDA Forest Service research budget. Currently, support for this program is only 11 percent of the Forest Service research budget. We trust you will see forestry research and education as an important investment strategy for the nation.

In summary, we urge your support of the Cooperative Forestry Research Program at or above $25 million; the National Research Initiative at $144 million; the Renewable Resources Extension Act at $6 million and the Sustainable Natural Resources Management Initiative at $6 million.

Finally, this is not a request for forestry schools, forest industry or environmental groups. Nor is it a request to aid the approximately 7-8 million forest landowners nationally. Rather, it is a request to address crucial needs and issues that affect the environmental and economic future of our society.

Thank you for this opportunity to present this statement.

STATEMENT FOR THE RECORD

OF THE

AMERICAN FOREST & PAPER ASSOCIATION

BEFORE THE

AGRICULTURE, RURAL DEVELOPMENT,

AND

RELATED AGENCIES SUBCOMMITTEE

HOUSE APPROPRIATIONS COMMITTEE

UNITED STATES HOUSE OF REPRESENTATIVES

MARCH 1, 1994

Good afternoon. My name is Dr. Pat Layton. I am the Manager of Forest Technology and Environmental Issues for Scott Paper Co. I am here today speaking on behalf of my company and as a member of the Resources Research Committee of the American Forest and Paper Association (AF&PA). I appreciate the opportunity to present the Research Committees recommendations for the McIntire-Stennis Cooperative Forestry Research Act, the National Research Initiative (NRI), and the Renewable Resources Extension Act (RREA).

AFPA is the national forest industry trade association representing the forest land managers, solid wood producers, and pulp and paper manufacturers in the United States. With about 1.4 million employees, annual sales of $190 billion, and seven (7) percent of gross national product, the forest products industry is a significant contributor to the nation's economic strength, quality of life, and protection of the environment.

For purposes of my testimony today, I will highlight the results of the forest industry's recently completed Research Priorities Report and express strong support for the Forestry Research Initiative that resulted from the National Academy of Sciences Report: "Forestry Research, Mandate for Change."

I. Forest Industry's Suggested Research Priorities

AFPA believes that forestry research is severely under-funded given the economic and environmental importance of the nation's forest resources. Major investments in forestry research will be needed in order for the forest products industry to remain competitive on a global scale while at the same time conserving and protecting the many functions and values of the forest resources of this country. I am sure that you are aware of the major natural resource conflicts around the country, including the spotted owl in the Pacific Northwest and wetlands in the South. Research into these public policy issues must be conducted and answers found or we risk continued gridlock because of inadequate information on how to manage resources in a compatible manner.

A major finding of the AFPA's Research Report is that the top research priorities are remarkably consistent from one region of the country to the other. Four of the highest priority research areas include forest management, environmental & social\ biological interactions, silviculture, and wood utilization. Other recommendations from the National Research Priorities report focus on improving coordination of forestry research through a National Research Advisory Council, establishing Centers of Emphasis, providing new funding for the most pressing forest policy issues, maintaining long term basic research, and improving the transfer of new research information to those who make management decisions. I commend this report to your attention and would ask that it be incorporated into the hearing record.

II. Forestry Research Initiative

AFPA supports the Forestry Research Initiative resulting from the recommendations of the National Academy of Sciences Report: Forestry Research, Mandate for Change." Although the full program recommended by the National Academy report is critically needed, the realities of current budget limitations require that it be implemented in stages. The first step should be to make investments in research and education to address the most pressing forestry and natural resources issues mentioned above and to support current and future resource management programs.

The initiative focuses on addressing the questions of sustainable forest management involving how to integrate the production of wood products with environmental protection. Sustainable forest management integrates ecological, economic, and social factors to meet human needs through diverse, healthy, and productive ecosystems. AF&PA has been coordinating closely with the other members of the forestry community including the nation's forestry schools and colleges, the Society of American Foresters, the National Association of State Foresters, U.S. Forest Service, Cooperative Extension Service, CSRS, and members of the conservation community. It is significant that all the players in forestry research are supportive of the Forestry Research Initiative.

One particular area of emphasis within the initiative should be the long-term productivity and sustainability of intensively managed forests. As even more land is withdrawn from timber production, the remaining productive acres will need to produce more and better quality timber. Short rotation intensive forestry for wood fiber or biomass fuel, similar to row crop agriculture, must factor in genetic tree improvement, control of competing vegetation, and soil amendments such as fertilizers as part of sustainable forest management.

III. AFPA Supports $28 Million for the McIntire-Stennis Act.

McIntire-Stennis Cooperative Forestry Research Act funds promote a broad range of critical forestry research in areas such as: (1) expanding domestic and foreign markets for forest products; and (2) increasing timber productivity while maintaining the associated water, wildlife, recreation, and range resources. These funds also support graduate programs which produce future forestry researchers and teachers. Moreover, these McIntire-Stennis funds leverage additional funding at the rate of more than four-times the McIntire-Stennis investment.

IV. AFPA Supports $140 Million in Competitive Grants as Part of the National Initiative for Research on Agriculture, Food, and the Environment (NRI).

AFPA has joined many others in the forestry community, including the National Association of Professional Forestry Schools and Colleges, in a consensus position which: (1) supports increasing funding levels for the National Initiative for Research on Agriculture, Food, and the Environment; and (2) recommends that at least 20% of the funding be targeted for forestry research.

Investments in forest research in the South averaged only about 6 cents per acre per year. This low level of investment means that many important forestry research needs remain unfunded. The National Research Initiative is essential to fulfill the critical need for funding of new innovative basic research. The Program will attract research proposals from the best scientists in both traditional and non-traditional disciplines. The National Research Initiative will enable forestry scientists to fully capitalize on the base programs funded through other sources.

The forest products industry is of critical importance to the economy of the South and the nation as a whole. Past forestry research has contributed to forest products generating an annual value of over $6 billion. This amount was twice the value of soybeans or cotton crops harvested throughout the south and three times the value of tobacco, wheat, or corn crops. Compared with all manufacturing in the South, forest industries employed one out of every nine workers and paid $1 out of every $10 in wages and salaries.

V. AFPA Supports $6 Million for the Renewable Resources Extension Act (RREA)

AFPA strongly believes that extension and technology transfer of research information is the keystone to ensuring that important new information is communicated to those best able to apply and benefit from research expenditures. The forestry component of the Extension Service is inadequate and not able to respond to increasing demands on all resource outputs from private forest lands. This important element must receive increasing attention if the goals Congress articulated in the 1990 Farm Bill are to be realized.

AFPA is currently working with the Extension Service to increase attention in three specific areas including: (1) training of loggers and landowners in state-of-the-art forest management practices to ensure the protection of water quality, (2) educating the public about the compatibility of forestry with environmental values, and (3) forest policy education for decision makers and opinion leaders.

VI. AF&PA Support $6 Million for Sustainable Natural Resources Management

The Sustainable Natural Resources Management Initiative will increase communication and outreach efforts with non-industrial landowners to realize the benefits of forestry research knowledge. Program thrusts include: (1) enhanced productivity and integrated forest stewardship, (2) new technologies for value-added products and development of new and expanded markets, and (3) understanding natural resources policies and policy options.

The Initiative will emphasize new approaches to commodity and non-commodity forest resource values and environmental stewardship. It will develop new technologies and expanded markets. It will also address policies at all levels of government that provide for property rights, environmental quality and stability of resource dependent communities.

VII. Summary.

The American Forest & Paper Association (AFPA) supports the Administration's Forestry Research Initiative over the next five years. Additional investments including the initiative in FY 95 would amount to $28 million for the McIntire-Stennis Act, $140 million for Forestry Competitive Grants, $6 million for the Renewable Resources Extension Act, and $6 million for the Sustainable Natural Resources Management Initiative.

Thank you again for the opportunity to present this testimony on behalf of the American Forest & Paper Association's Forest Resources Research Committee. I would be pleased to respond to any questions that you might have.

NATIONAL RESEARCH INITIATIVE

WITNESS

DR. FRANK W. FITCH, PRESIDENT, FEDERATION OF AMERICAN SOCIETIES FOR EXPERIMENTAL BIOLOGY (FASEB)

Mr. FITCH. Thank you very much, Mr. Chairman. I appreciate it.

Mr. Chairman, distinguished Members of the subcommittee, I am Dr. Frank Fitch, President of the Federation of American Societies for Experimental Biology. I represent 41,000 working scientists. FASEB appreciates this opportunity to testify before your subcommittee concerning the fiscal 1995 appropriation for the Department of Agriculture Competitive Research Programs.

Research supported by the U.S. Department of Agriculture generates new knowledge to ensure an affordable, abundant, safe and wholesome supply of food and fiber. This research also promotes the competitiveness of U.S. agriculture in the global economy.

As a result of revolutions in molecular biology and animal and plant genetics, research opportunities in the area supported by the USDA are growing at a spectacular rate. FASEB strongly supports the initiative, the USDA's major program in sciences for awarding research grants competitively.

Specifically, we recommend that the NRI receive a funding level of $18 million in fiscal 1995, an increase of $70 million over that approved for the current year. Over the next five years, appropriations should reach the $500 million level, as authorized by Congress earlier.

This recommendation is based on deliberations in the FASEB consensus conference which met last November to make fiscal 1995 funding proposals for the USDA and seven other Federal agencies which support life sciences research. Copies of the consensus conference report published in December have been made available to the subcommittee.

The National Research Initiative has greatly improved the quality of the USDA funded research. Studies of insect behavior supported by NRI have led directly to the development of effective insect traps, significantly reducing the amount of synthetic pesticides applied in orchards.

New measures have been developed to identify children at risk for vitamin A deficiency. Studies of the characteristics of the different varieties of wheat have led to the identification of specific mixtures that when planted together, reduce the incidence of disease and increase yield per acre.

FASEB believes that the NRI can best address the major challenges confronting U.S. agriculture by supporting peer reviewed, investigator-initiated research which is directed toward problems of broad fundamental importance for agriculture and ecology.

Emphasis on investigator-initiated research, which has been subjected to rigorous peer review, has been critical to the present success of the NRI. The NRI was funded at $112 million in fiscal 1994, a level far short of the congressional authorizations included in the 1990 farm bill.

The FASEB consensus conference strongly recommends that the NRI appropriation reach $500 million over the next five years, the level originally envisioned in 1990.

The FASEB consensus conference also recommended that the science conducted by the Agriculture Research Service, ARS, be strengthened through the establishment of peer review panels and through the greater use of investigator initiated research.

We applaud the action announced by Senator Leahy that ARS will close a number of its facilities, and support his view that national funds saved should be spent on scientists and research.

FASEB recommends the Cooperative Research Service and ARS remain separate administrative units to avoid conflicts of interest when ARS scientists apply for NRI grants. This can be accomplished by placing the CSRS and the Agriculture Extension Service in one administrative unit, and the ARS, the Agricultural Library and the Economic Research Service in another.

Legislation recently approved by the House Agricultural Subcommittee on Department Operations in Nutrition, which combines the CSRS and the Extension Service into the Cooperative State Research and Education Service, is a step toward the type of reorganization FASEB recommends.

To summarize, FASEB's recommendations for fiscal 1995, NRI funding should be increased to $182 million. The average size of the NRI grant should be increased significantly.

To ensure that a significant number of trained young investigators, the number of post doctoral fellows should be increased from 21 to 35. Special programs in biotechnology similar to ones used by the national institutes of health should be initiated by the NRI.

Specific areas including genetic engineering and transgenic science. These will improve the competitiveness of agriculture and improve human health.

I thank the subcommittee for this opportunity to present FASEB's views and for rearranging your schedule to meet my last night out of Washington.

Mr. DURBIN. Thank you very much.

I am sorry we don't have more time, because it would be interesting to get into your thoughts on genetic engineering and transgenic science. It is certainly topical.

Mr. Skeen.

Mr. SKEEN. Thank you.

We appreciate your being able to accommodate our schedule as well as yours. We want you to get out of town before the sheriff finds out. We would like very much to look over the recommendations that you have made on the funding levels for genetic engineering.

Thank you for your testimony.

[The information follows:]

FASEB FEDERATION OF AMERICAN SOCIETIES FOR EXPERIMENTAL BIOLOGY

The American Physiological Society
American Society for Biochemistry and Molecular Biology
American Society for Pharmacology and Experimental Therapeutics
American Society for Investigative Pathology
American Institute of Nutrition
The American Association of Immunologists
The American Society for Cell Biology
Biophysical Society
American Association of Anatomists

Executive Director
MICHAEL J. JACKSON

President and Board Chairman
FRANK W. FITCH, M.D., Ph.D.
Ben May Institute MC 1089
University of Chicago
5841 South Maryland Avenue
Chicago, IL 60637
Tel.: 312/702-6755
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FEDERATION OF AMERICAN SOCIETIES FOR EXPERIMENTAL BIOLOGY (FASEB)

TESTIMONY BY

FRANK W. FITCH, MD, PHD
President of FASEB

Before

House Agriculture, Rural Development, Food and Drug Administration,

and Related Agencies Appropriations Subcommittee

March 1, 1994

5:30 P.M.

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CAMERA COPY

9650 Rockville Pike • Bethesda, Maryland 20814-3998
Telephone 301-530-7075 • FAX 301-530-7190

Mr. Chairman and Subcommittee members:

I am Dr. Frank W. Fitch, President of the Federation of American Societies for Experimental Biology (FASEB). FASEB is an organization of nine scientific societies with a membership of more than 41,000 scientists who conduct biomedical research at universities, research institutes and government laboratories throughout the nation. I also am Director of the Ben May Institute at the University of Chicago.

FASEB appreciates the opportunity to testify before your Subcommittee concerning the fiscal 1995 appropriation for the Department of Agriculture competitive research programs. Research supported by the U.S. Department of Agriculture generates new knowledge to ensure an affordable, abundant, safe and nutritious supply of food and fiber. This research also promotes the competitiveness of U.S. agriculture in the global economy. As a result of revolutions in molecular biology and animal and plant genetics, research opportunities in the areas supported by the USDA are growing at a spectacular rate. Investment in these opportunities is the best way to promote the competitiveness of U.S. agriculture and secure its leadership in the global economy.

FASEB strongly supports the National Research Initiative, the USDA's major program in the life sciences for awarding research grants competitively.

> **The Federation recommends that NRI receive a funding level of $182 million in fiscal 1995, an increase of $70 million over fiscal 1994. Over the next five years, appropriations for NRI should reach the $500 million level as authorized by Congress.**

This recommendation is based on the deliberations of a FASEB Consensus Conference that met last November to make fiscal 1995 funding proposals for USDA and seven other federal agencies that support life sciences research. Copies of the Consensus Conference report, published in December, have been made available to the Subcommittee.

Begun in 1991, the NRI has greatly improved the quality of USDA-funded fundamental research. Let me cite several of NRI's recent accomplishments:

° Studies of insect behavior have led directly to the development of effective insect traps, significantly reducing the amount of synthetic pesticides applied in orchards.

° New methods have been developed to measure Vitamin A stores and identify children at risk for Vitamin A deficiency.

°Studies of the characteristics of different varieties of wheat have led to the identification of specific mixtures that, when planted together, reduce the incidence of disease and increase yield per acre.

Critical to the success of the NRI has been the emphasis on investigator-initiated research, rigorous peer review of applications by scientists recruited for this task, and the quality of the proposals submitted.

I am pleased to report that the quality of the NRI research proposals is excellent. When NRI investigators apply for competitive renewal of grants, an impressive 50-60 percent of these are funded following rigorous peer review. Another plus is that when awards are made, funds are committed in the first year for all ensuing years of the grant. If there are sufficient resources in the program, this provides a predictable funding stream that enables investigators to plan efficiently.

FASEB believes that the NRI can best address the major challenges confronting U.S. agriculture by supporting peer-reviewed, investigator-initiated science directed toward problems of broad, fundamental importance for agriculture and ecology.

The NRI was funded at $112 million in fiscal 1994, a level far short of congressional authorizations included in the 1990 farm bill. That landmark legislation provided for NRI to be funded at $400 million in the current fiscal year and at $500 million in FY 1995. The FASEB Consensus Conference agreed with this wise congressional decision and strongly recommended that the NRI appropriation reach the $500 million level over the next five years.

For fiscal 1995, NRI funding should be increased to $182 million. This $70 million increase over the fiscal 1994 level would be a small part of the overall research effort supported by USDA. The $70 million is essential to achieve the national goal envisioned for NRI: a broadened research scope addressing the major challenges facing U.S. agriculture. These challenges include competition from abroad, the need to improve human health, and the desirability for better management of natural resources and the environment.

FASEB also believes the average size of NRI grants should be increased significantly. To assure that a sufficient number of trained young investigators are available to support the fast-growing biotechnology industry, the number of postdoctoral fellows should be increased in proportion to the increases recommended for research funding. For example, the current number of 21 individual postdoctoral fellowships should be raised to 35.

We also recommend that special training programs, similar to those used by the National Institutes of Health, be initiated by NRI. Such special training programs are warranted in genetic engineering and transgenic science.

The FASEB Consensus Conference also recommended that science conducted by the Agriculture Research Service be strengthened through the establishment of peer-review panels and through the greater use of investigator-initiated research. In this regard, FASEB applauds the action announced by Senator Leahy that ARS will close a number of its facilities and supports his view that the funds saved should be spent on "scientists and research."

FASEB also recommends that the Cooperative State Research Service (CSRS) and ARS remain in separate administrative units to avoid conflicts of interest when ARS scientists apply to NRI for grants. This could be accomplished by placing CSRS and the Agriculture Extension Service in one administrative unit, and the ARS, the Agricultural Library and the Economic Research Service in another. Legislation recently approved by the House Agriculture Subcommittee on Department Operations and Nutrition, which combines the CSRS and the Extension Service into the Cooperative State Research and Education Service, is a step toward the type of reorganization FASEB recommends.

To summarize FASEB's specific recommendations: For fiscal 1995, NRI funding should be increased to $182 million. The average size of NRI grants should be increased significantly. To assure a sufficient number of trained young investigators, the number of postdoctoral fellows should be increased from 21 to 35. Special training programs in biotechnology, similar to those used by the National Institutes of Health, should be initiated by the NRI; specific areas include genetic engineering and transgenic science.

FASEB has consistently urged that USDA invest more of its money in investigator-initiated, peer-reviewed research. This investment will improve the competitiveness of U.S. agriculture, will improve human health and result in better management of our natural resources and the environment. Mr. Chairman, I thank the Subcommittee for this opportunity to present FASEB's views.

# # #

HUMAN NUTRITION RESEARCH

WITNESS

DR. JOHN W. ERDMAN, JR., DIRECTOR OF THE DIVISION OF NUTRITIONAL SCIENCES, UNIVERSITY OF ILLINOIS, ON BEHALF OF THE AMERICAN INSTITUTE OF NUTRITION

Mr. DURBIN. Dr. Erdman from the American Institute of Nutrition.

Mr. ERDMAN. Thank you, Mr. Chairman, Members of the subcommittee.

I am Director of the Division of Nutritional Sciences at the University of Illinois, Urbana, Champaign.

Mr. DURBIN. I know you are in a hurry because you have a basketball game on TV tonight.

Mr. ERDMAN. One hour and 20 minutes.

I am here to testify on behalf of the American Institute of Nutrition. We are one of the FASEB societies, so I can shorten my presentation somewhat.

AIN consists of more than 3,000 nutrition researchers from nearly every major research, educational, and clinical institution in the United States. I thank the subcommittee for their support of nutrition research in the past and for the opportunity to speak on that subject.

My testimony will focus on the USDA NRI program, and although AIN supports all six components of the NRI, my testimony today will discuss research conducted under the Nutrition Food Quality and Health Division.

Funding provided by Congress with the leadership of this subcommittee has enabled nutrition scientists in the country to provide better information to the citizens to help them select diets that provide adequate amounts of those nutrients needed for growth and development. Recent outbreaks of food-borne illness have also highlighted concerns about food safety, an area now included in the NRI program.

As health care costs rise at a seemingly uncontrollable rate, the cost-effectiveness of prevention is becoming increasingly apparent. The Food Nutrition Board's recent report on opportunities in food nutrition sciences states:

> With disease prevention becoming more important in this time of health care reform, continued research and advances in nutrition and food sciences provide great opportunities to improve the lives of millions of Americans.

As vice chair of that NAS committee that wrote the report, I can tell you I certainly agree strongly with that statement, and also with a statement that states:

> We recommend that USDA develop a strategic plan that places research in the nutrition and food sciences more in the center of agricultural research initiatives. Congress should provide full funding for USDA's NRI in the near future.

As a Member of the NRI study section on improving nutrition for optimal health, I review and critique many proposals that are submitted for funding. My university also has several researchers including myself who are funded through NRI. I thought a few comments on a few of these grants would be appropriate.

My laboratory is currently funded through the improving nutrition for optimal health division of NRI. Our work focuses upon dietary factors that affect the absorption of carotenoids, the yellow and orange pigments in fruits and vegetables, and vitamin A and metabolites. Foods high in carotenoids are associated with reduced incidence of heart disease and several types of cancer as well as aging, cataracts, et cetera.

We are studying several very important aspects of carotenoid absorption and we are beginning to define how dietary fiber, fat and alcohol, or simply heating the foods affects how efficiently we can absorb and convert carotenoids to vitamin A. Our long-term goal is to assist USDA in forming dietary recommendations for Americans so they can achieve optimal carotenoid intakes for provision of vitamin A and other health outcomes.

Two of my colleagues at the University of Illinois in Urbana, Dr. Visek and Dr. Kapur, also work through NRI funding. Their work is funded on long-term consumption of dietary fat, which has been linked to high incidence of cancer, heart disease and obesity. They have postulated that high-fat diets alter gene expression and that some of these changes lead to disease development.

Their long-range plans and goals are to identify and characterize diet-related genes and to test their involvement in disease development. Most recently they have isolated a few genes that are turned on by high-fat diets.

Another one of my colleagues, Dr. Scott Martin, has been awarded a grant to study the bacterium that is a very serious concern to the safety of our food supply. This bacterium, Listeria monocytogenes, has been found in fresh vegetables, in milk and dairy products and fresh and processed meats. It is fairly unique amongst food-poisoning organisms because it can grow at refrigerated temperatures.

Even today one-third of those individuals contracting listeria infections die. This bacterium causes illness and death because of its virulence, that is, its ability to survive the defense mechanisms of the body, and therefore pregnant women and immuno-compromised people are at risk.

Dr. Martin's research will examine the influence of several environmental factors: pH, temperature, and activity on the development and the growth of this organism. So these are three examples at the University of Illinois.

As a member of three previous NRI study section panels, I can attest to the anguish that we all felt as panel members as numerous excellent proposals have gone unfunded. Last year, for example, under this particular division, only 25 percent of the proposals were funded.

Also, funded proposals were provided inadequate funds to carry out the work proposed. The average grant through NRI in fiscal year 1992 was $58,000. In NIH the average grant in that same year was $195,000. We had for a number of years had cuts, so that the scientific issues could not be addressed. The average grant was 2.9 years as compared to 3.8 in NIH.

This is a summary of my comments. I thank you, Mr. Chairman, and the subcommittee Members, for allowing me to testify.

Mr. DURBIN. Thank you for your testimony.

You have raised important questions about food safety, which we raised with the Secretary last week. I would just say in response to your testimony and Dr. Fitch's testimony, that it is relatively easier to authorize than it is to appropriate. And we have found on this subcommittee that the authorizing committee has wonderfully expensive ideas that we can't pay for. We are going to do our best to pay for the ones we hope will be judged the most important. As I said at the outset, I believe research is one of those.

Mr. Skeen.

Mr. SKEEN. Thank you, Mr. Chairman.

Doctor, I appreciate the presentation that you have made. One question that cropped into my mind was, with all the wonderful opportunities in research, could you get to the point of prioritizing as much as possible. Can you give us some idea as lay people how to fund these things, ones that you would think collectively are the top priority, because with this restricted funding, it is very difficult, as the Chairman pointed out. We don't want to impede your work. We want to encourage it. But it is hard to do with a restricted kind of a budget.

Mr. ERDMAN. I think one of the benefits of a peer review grant system, however, is that you end up funding the highest priority. We hope, of course, with a tight budget, that the nutrition area and the food safety area, which are very, very important to the health outcome to Americans, would be considered highly.

Thank you for your comment.

Mr. SKEEN. Thank you.

Mr. DURBIN. Thanks a lot, Dr. Erdman. Good luck tonight.

[The information follows:]

Testimony of

Dr. John W. Erdman, Jr.

Director, Division of Nutritional Sciences

University of Illinois, Urbana

appearing on behalf of the

American Institute of Nutrition

before the

House Committee on Appropriations

Subcommittee on Agriculture, Rural Development,

Food and Drug Administration, and Related Agencies

March 1, 1994

Mr. Chairman and Members of the Subcommittee:

I am Dr. John W. Erdman, Jr., Director of the Division of Nutritional Sciences at the University of Illinois, testifying on behalf of the American Institute of Nutrition.

The AIN consists of more than 3,000 nutrition researchers from nearly every major research, educational, and clinical institution in the United States. I thank the Subcommittee for its support of nutrition research and for the opportunity to speak on that subject today.

My testimony today will focus on the USDA National Research Initiative Competitive Grants Program (NRICGP). The NRICGP supports investigator-initiated basic and applied research. These peer-reviewed competitive research projects represent the highest quality science supported by the U.S. Department of Agriculture. Although AIN supports all six components of the NRI, my testimony today will discuss research conducted under the "Nutrition, Food Quality and Health" division of the NRI.

The funding provided by the Congress, with the leadership of this Subcommittee, has enabled nutrition scientists in this country to provide better information to our citizens to help them select diets that provide adequate amounts of those nutrients needed for growth and development. With each new scientific discovery, the key role of proper nutrition in maintaining human health, and preventing and treating chronic debilitating diseases becomes more evident. As Americans learn more about these new findings, they continue to place an increased value on the nutritional quality and nutritional characteristics of the foods they eat. Recent outbreaks of food-borne illness have also heightened concerns about food safety.

As health care costs rise at a seemingly uncontrollable rate, the cost effectiveness of prevention, is becoming increasingly apparent. The National Academy of Sciences (NAS) Food and Nutrition Board of the Institute of Medicine noted in its recent report on *Opportunities in the Nutrition and Food Sciences* that "With disease prevention becoming more important in this time of health care reform, continued research and advances in the nutrition and food sciences provide great opportunities to improve the lives of millions of Americans." As the vice-chair of the NAS Committee that wrote that report, I can tell you that I fully agree with that statement. Our report also made the following recommendations which the American Institute of Nutrition fully supports:

> *"We recommend that USDA develop a strategic plan that places research in the nutrition and food sciences more in the center of its agricultural research initiatives. Congress should provide full funding for USDA's National Research Initiative. . . Increased support for research on developing and applying new and emerging food and engineering technologies is also needed to enable food-scientists to develop more value-added food products for export. USDA should also explore the possibility of emphasizing competitively-awarded, peer-reviewed grants in the nutrition and food sciences. . ."*

VITAL RESEARCH SUPPORTED BY THE NRI

New advances in nutrition science are dramatically changing the direction of our research. Revolutionary studies based on biotechnology and cellular and molecular biology make it possible to examine the roles of essential nutrients in people of all ages. Also, clinical trials related to the impact of interactions between specific nutrients and nutrients and drugs on the development or treatment of diseases have been initiated. Ten years ago, such interactions were not even recognized.

Research funded by the NRI has played a key role in establishing new methods to study requirements for essential nutrients throughout the life cycle. These studies have led to improved techniques for tracing the use of essential nutrients in the body.

Other studies based on biotechnology and cellular and molecular biology are defining optimal levels of specific nutrients required by women during periods of pregnancy and lactation, by rapidly developing infants and children, and by the expanding population of elderly citizens.

As consumers demand foods that are minimally processed yet convenient to use, there is a danger that food-borne illnesses will increase in number. To counter this risk, scientists supported by NRI grants are studying the basic biology of bacteria that cause food-poisoning and have developed new detection methods so that harmful organisms can be identified and eliminated early in food processing operations.

Although many significant advances have been achieved as a direct result of the NRI, much more work needs to be done. Further research supported by NRI grants will enable scientists to:

- Develop improved strategies for the rapid and efficient transfer of new insights about nutrient requirements and food quality to assist the consumer in making choices that promote optimal nutrition throughout the life cycle.
- Expand knowledge of molecular functions of nutrients using the newest technologies to develop more effective strategies for defining dietary recommendations that promote optimal health.
- Determine the role of dietary components in obesity and other chronic diseases, and establish specific recommendations for optimal nutrition for the diverse populations in this country.
- Provide more information about nutrients in foods and naturally occurring food substances that may have important roles in maintaining health.
- Increase our knowledge of the relationship between nutrients and gene regulation and expression, and the use of biotechnology to increase the nutritive value of food and minimize spoilage after harvest.

PERSONAL EXPERIENCE WITH THE NRI

As a member of the NRI Study Section on Improving Nutrition for Optimal Health, I review and critique many of the proposals that are submitted for NRI funding. My university also has several researchers whose laboratories are funded through the NRI, including my own. I thought it might be helpful to describe some of these research projects and to respond to any questions about the work supported by the NRI.

Carotenoid Absorption

My laboratory is currently funded by the NRI through the Nutrition, Food Quality and Health Division. Our work focuses upon the dietary factors that affect the absorption of carotenoids (the yellow, orange and red pigments in foods such as tomatoes and carrots) and their metabolism to vitamin A and other metabolites. About 10 percent of the 500 food carotenoids provide vitamin A, an essential nutrient for vision, growth and reproduction. In addition, foods high in carotenoids (fruits and vegetables) are associated with reduced incidence of coronary heart disease, several types of cancer, and diseases of aging of the eyes, such as cataracts.

We are studying several important aspects of carotenoid absorption where there is surprisingly little information available. For example, we are beginning to define how dietary fiber, fat, alcohol, or the heating of foods affects the efficiency by which we can absorb and convert carotenoids to vitamin A.

Our long term goal is to assist the USDA in formulating dietary recommendations for Americans so that they can achieve optimal carotenoid intake and status both for provision of vitamin A and for other health outcomes.

Diet and Disease

Two of my colleagues at the University of Illinois, Urbana, Willard J. Visek, MD, PhD, and Jim Kaput, PhD, also have experience with the NRI. Their work has focused on the long term consumption of high fat diets, which has been linked to cancer, heart disease, and obesity. Individuals respond differently to diets and the evidence shows that inheritance plays a role in the metabolism of nutrients. Based upon these facts, they have postulated that long term consumption of high fat diets alter gene expression and that some of these changes lead to disease development. Identifying the genes which respond to dietary fat levels is likely to provide the basis for studying the molecular mechanisms of important diseases and how diet influences those processes. Supporting experimental evidence for this possibility has arisen from studies of genes which are involved in initiation and promotion of coronary heart disease and which may be regulated by dietary variables. Like heart disease, cancer is a multigenic disease often initiated by the action of one or more cancer associated genes called oncogenes. The contribution of dietary constituents to the development of certain cancers, particularly breast cancer, remains controversial. The hypothesis that fat levels alter gene expression to cause metabolic changes which initiate or promote disease can be directly tested by a protocol Drs. Visek and Kaput have developed in their laboratory under a USDA competitive grant. Their long range goal is to identify and characterize diet-regulated genes and to test their involvement in disease development.

Their research has produced basic information about the mechanisms of disease development. This is needed for the development of drugs to alter or reverse the course of diseases like heart disease and cancer which together account for 70 percent of all deaths and are known to be influenced by diet. Their approach also is identifying factors that may explain variation between individuals. Such information will be required to understand and better utilize the human genetic map and sequence currently being determined by laboratories all over the world. Testing individuals for their response to dietary factors will ultimately be needed for recommending specific diets for optimal health for each human being. Preventing disease will be less costly than treating disease once it has developed.

Food Safety

Another of my colleagues, Scott E. Martin, PhD, has been awarded a grant to study a bacterium that is a very serious concern to the safety of our food. This bacterium, *Listeria monocytogenes*, has been found on fresh vegetables, in milk and dairy products, and in fresh and processed meats. It is unique among food poisoning organisms because it can grow at refrigeration temperatures. Even today, 33 percent of the individuals contracting listerial infections die. This bacterium causes illness and death because of its virulence (its ability to survive the defense mechanisms of the body). At least three enzymes allow the organism to evade our protective systems. It is not presently known how the environment in which the bacterium grows controls these enzymes. Dr. Martin's research will examine the influence of three environmental factors (pH, temperature and water activity) on the activity of the three enzymes. He will measure the activities of the enzymes and compare the results to those of cells grown under known altered conditions. In this way, it can be determined how changes in the growth environment change the bacterium's virulence. Results from this study may show that current food processing methods could increase the virulence of this bacterium. Increased virulence would make detection and elimination of this pathogen even more critical.

These are just a few of the many important research projects funded by the NRI. The scientific community's ability to obtain the answers to the kinds of questions described above will be severely constrained without adequate funding of programs like the NRI.

NRI FUNDING

Although funding for the NRI has increased from the initial FY 1991 appropriation of $73 million to $112 million in FY 1994, funding has fallen far short of the level authorized, which called for funding of $500 million per year in FY 1995 and thereafter. Achieving the success envisioned by the National Research Council's (NRC) Board of Agriculture (BOA) when it recommended the establishment of the NRI in its report, *Investing in Research: A Proposal to Strengthen the Agricultural, Food and Environment System*, will certainly be delayed unless funding approaching the original requested levels is made available. We understand the severe budgetary constraints the Congress is under, but we believe very strongly that the NRI should continue to be the "High Priority Research" program it was designated to be under the 1990 FACT Act.

We were very disappointed to learn that $6.729 million of the FY 1994 appropriation for the NRI was rescinded with the enactment of recent legislation. Again, we understand the budgetary constraints facing the Congress and the pressure that is being exerted to reduce government spending. However, we urge this Subcommittee to make the NRI a priority for funding.

Research funded by the NRI is just as important for meeting societal goals as programs funded by the National Institutes of Health (NIH), yet grants awarded through the NRI are generally smaller and of a much shorter duration. For example, the average NRI grant (per year) in FY 1992 (most recent year comparable data is available) was approximately $58,000 compared to $195,600 for NIH grants. The duration of NRI grants averaged approximately 2.2 years in FY 1992 compared to 3.76 years for NIH grants.

Of the 2,893 proposals by the NRICGP in FY 1993, only 790 grants were awarded. These proposals requested $576 million in funds, of which $91.8 million was provided.

The figures for the Nutrition, Food Quality and Health division of NRI are even worse. In FY 1993, of the $45.5 million requested, only $6 million was provided (13.5 percent). Only 49 of the 191 proposals submitted in that year were funded — a success rate of just 25.6 percent. Moreover, limited funds allowed support for only one new independent investigator and one postdoctoral training position.

In FY 1994, this situation will be even worse. The program has experienced a 40 to 50 percent increase in requests, far exceeding the funding increase in the program. This will assure that the percentage of excellent proposals not funded will increase.

As a member of three previous NRI Study Section panels, I can attest to the anguish felt by panel members as numerous excellent proposals have gone unfunded, funded proposals were provided inadequate funds to carry out the work proposed or had the number of years requested cut to a point where the scientific questions raised could not be fully addressed. Additional funds will help alleviate this serious problem.

AIN RECOMMENDATIONS

AIN supports the recommendations of the Federation of American Societies for Experimental Biology (FASEB) Consensus Conference which met this past November to make fiscal 1995 funding proposals for USDA and seven other federal agencies that support life sciences research. These recommendations are as follows:

- For fiscal 1995, NRI funding should be increased to $182 million. This $70 million increase over the fiscal 1994 level would be a small part of the overall research effort supported by USDA.
- To assure that a sufficient number of trained young investigators are available to support the fast-growing biotechnology industry, the number of postdoctoral fellows should be increased in proportion to the increases recommended for research funding. For example, the current number of 21 individual postdoctoral fellowships should be raised to 35.
- Special training programs, similar to those used by the National Institutes of Health, should be initiated by NRI. Such special training programs are warranted in genetic engineering and transgenic science.

Mr. Chairman, I thank the Subcommittee for this opportunity to present AIN's views.

NATIONAL RESEARCH INITIATIVE (EPSCoR)

WITNESS

DR. G. WILLIAM CROKER, JR., DIRECTOR OF GOVERNMENT RELATIONS, UNIVERSITY OF ALABAMA IN BIRMINGHAM, FORMER EXECUTIVE DIRECTOR, COALITION OF EPSCoR STATES

Mr. DURBIN. Dr. Croker, Coalition of EPSCoR States.

Mr. CROKER. My name is Bill Croker. I am Director of Government Relations for the University of Alabama in Birmingham and the former Executive Director of the Coalition of EPSCoR States. I am here this afternoon on behalf of the Coalition of EPSCoR States, an organization of research universities in 19 States that advocate broadening the Federal support for the experimental program to stimulate competitive research.

The EPSCoR program is intended to increase the participation of institutions in States designated by the National Science Foundation in the merit reviewed Federal research programs that ensure this country's technological and scientific leadership. It does so by fostering systemic and sustainable improvement in the research capacities of universities and eligible states.

In Alabama, EPSCoR has been a tremendously successful program. It has helped us bring about sort of unprecedented cooperation among a bunch of research universities that tend to fight a lot among themselves. It has also helped us begin to educate our legislature about what competitive research capacity is and how important it is to the State's economy.

One of your colleagues, Ray Thornton, was instrumental in establishing the EPSCoR program in 1979 at the National Science Foundation.

Arkansas is, as you might expect, an EPSCoR state, and President Clinton stated during his campaign, "Federal programs like EPSCoR can help assure that top-flight university researchers receive the funding they deserve no matter where they work. In addition, they provide the breadth needed for a healthy U.S. technology base.

Presently, top-flight university research supported by EPSCoR occurs in a number of centers at the University of Arkansas for medical sciences, and the University of Arkansas at Fayetteville. Centers like neural biology research and the Center for Cellular and Molecular Studies on Biological Aging at the University of Arkansas Center for Medical Sciences as well as the Center for Protein Dynamics at the University of Arkansas at Fayetteville.

Matching funds for these centers come from the Arkansas science and technology authority centers for applied research funds. EPSCoR members in Arkansas, like in Alabama, are also involved in programs that help high school science teachers provide hands-on experience in a research laboratory.

With your subcommittee's support, Congress has expanded EPSCoR beyond NSF to include agencies such as the Department of Agriculture. Through the NRI program which we have recently heard about, the Agriculture Department is currently making funds available to EPSCoR States.

We urge your subcommittee to continue to assure that EPSCoR States are included as part of the National Research Initiative

Competitive Grants Program. Your subcommittee can achieve this objective and ensure reasonable geographical distribution in the awarding of initiative grants by directing the Agriculture Department to set aside a minimum of 10 percent of these funds in fiscal year 1995 for the EPSCoR initiative.

These funds should be coordinated through the individual State EPSCoR committees to assure adequate funding for the State's overall effort to improve its research infrastructure and to enhance its capacity to compete successfully in a high-tech economy.

In closing, Mr. Chairman and Members of the subcommittee, we urge fiscal year 1995 support for EPSCoR at the Department of Agriculture. We believe that it is an exciting program of proven benefit to our States. It is a program that is producing solid results, merit-reviewed results, in both education and scientific research as well as the Nation as a whole.

We hope will you join us in supporting EPSCoR. Thank you very much.

Mr. DURBIN. Thank you.

Mr. Skeen.

Mr. SKEEN. I appreciate your testimony. Thank you.

[The information follows:]

TESTIMONY OF G. WILLIAM CROKER, JR.
UNIVERSITY OF ALABAMA IN BIRMINGHAM
SUBCOMMITTEE ON AGRICULTURE, COMMITTEE ON APPROPRIATIONS
TUESDAY, MARCH 1, 1994

Mr. Chairman:

My name is Bill Croker. I am Director of Government Relations for the University of Alabama in Birmingham and the former Executive Director of the Coalition of EPSCoR States. It is a pleasure to have this opportunity to appear before the Subcommittee in support of the Experimental Program to Stimulate Competitive Research (EPSCoR). This morning I am testifying on behalf of the Coalition of EPSCoR States and the nineteen states[1] that participate in EPSCoR.

The primary mission of EPSCoR is to foster systemic and sustainable change in the capacities of universities in eligible states to support nationally competitive academic research. Its secondary objectives are to assure a broad geographic distribution of merit-reviewed research awards and access to quality education in science and engineering. In practice, EPSCoR also fosters enhanced interaction and cooperation in research and technology development among universities, state governments, and industries in participating EPSCoR states.

The EPSCoR program is intended to broaden participation in the Federally funded research initiatives that ensure this country's technological and scientific leadership. The future ability of the United States to meet the economic and health challenges of the next century depends, in large part, on building a truly national scientific and technical research infrastructure. In Alabama, for example, EPSCoR funds have been used to stimulate research in such areas as galactic astronomy, coastal marine sciences, and materials science. These programs strive to build a statewide science and engineering research and education capacity for Alabama. Not only has EPSCoR stimulated research in Alabama's universities, but it has also proved to be a profitable investment of state funds. The dollar for dollar return on investment of state funds in Alabama has equaled approximately $3.95.

The National Science Foundation established the EPSCoR program in 1979 in response to Congressional concerns about the concentration of Federal support for university research at a relatively small number of institutions, located in a handful of states. Arkansas is an EPSCoR state, and President Clinton stated during his Presidential campaign: "Federal programs like the Experimental Program to Stimulate Competitive Research have helped researchers in smaller universities to more effectively compete for federal research dollars. Such programs can help ensure that top-flight university researchers receive the research funding they deserve, no matter where they work. In addition they help provide the breadth needed for a healthy U.S. technology base."

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[1] Alabama, Arkansas, Idaho, Kansas, Kentucky, Louisiana, Maine, Mississippi, Montana, Nebraska, Nevada, North Dakota, Oklahoma, South Carolina, South Dakota, Vermont, West Virginia, Wyoming, and the Commonwealth of Puerto Rico.

Currently, in the state of Arkansas, this same "top-flight" university research the President referred to has manifested itself in many ways. Members of the Arkansas National Science Foundation EPSCoR Advanced Development program oversee research initiatives in research groups called "centers" at both the University of Arkansas for Medical Sciences and the University of Arkansas at Fayetteville. The Center for Neurobiology Research and the Center for Cellular and Molecular Studies on Biological Aging, both at the University of Arkansas for Medical Sciences, as well as the Center for Protein Dynamics at the University of Arkansas, Fayetteville, are called "centers" because the match for their programs comes from the Arkansas Science and Technology Authority's Centers for Applied Research funds. Despite these impressive research endeavors, one must not think that EPSCoR is confined only to the university laboratory. Arkansas EPSCoR Committee Members are also involved in programs like STRIVE, a program which gives secondary high school science teachers hands-on experience in a research laboratory.

Characteristics of the EPSCoR States:

Presently, Federal research funding is concentrated in relatively few states and regions of the nation. The 18 EPSCoR states and Puerto Rico, while containing 15 percent of the United States population, receive only 6.6 percent of Federal research and development dollars. In contrast, the top five research states, with 27.9 percent of the population, receive 44.5 percent of Federal research and development dollars.

The EPSCoR Process:

I should explain, by way of background, that the EPSCoR approach involves the establishment of a statewide coordinating mechanism to:

- identify state and institutional barriers to competitive research;
- develop a comprehensive improvement plan supported by state and institutional resources;
- undertake a merit review of all EPSCoR programs and;
- implement the improvement plan focusing on infrastructure improvement, research enhancements, and human-resource development.

The result has been a significant improvement in state funding for research and development in the EPSCoR states. Federal support, as a percentage of total spending for research and development at our research universities, continues to lag significantly behind both the national average for Federal funding and the percentage of support provided to the top five states. On the other hand, state support in the EPSCoR states is twice the national average and over seven times as great on a percentage basis as it is in the state that receives the greatest amount of Federal research resources.

The National Research Initiative Competitive Grants Program:

Congress has expanded EPSCoR beyond NSF; and EPSCoR programs are now underway -- or in the process of being established in -- the Departments of Agriculture, Energy, and Defense; the Environmental Protection Agency; the National Aeronautics and Space Administration; and the National Institutes of Health. Through the National Research Initiative Competitive Grants (NRICGP) Program, the Agriculture Department has made funds available to EPSCoR states, through a competitive merit-review process for: programs supporting faculty on sabbatical in order to allow them the opportunity to enhance their research capabilities, for purchasing research equipment that will improve upon the research capacity of institutions, and for experimenting with methods of collecting preliminary data for standard research projects. The USDA/NRICGP program has funded research initiatives including carbon partitioning and plastid ontogeny in germinating pine seedlings, studies on serum protein expression and function for control of the medfly, and hepatic blood flow determination in poultry using thermal pulse decay.

As part of its fiscal year 1995 budget request of this Subcommittee, the Department of Agriculture has requested funding for the National Research Initiative Competitive Grants Program. It is our purpose before this Subcommittee to urge your support for efforts to assure that EPSCoR states are not left out of this Initiative as it moves forward. Absent a specific program to assure improvement in our ability to compete, history would indicate that the majority of funds will once again find their way into a small number of states with established, largely Federally funded, scientific infrastructures.

We are pleased that the Department of Agriculture will use 10 percent of the fiscal 1994 funds in this program for "research strengthening grants." We are concerned, however, that this effort will not be carried forward into fiscal year 1995 unless Congress again directs that a portion of the funds be used for this purpose.

Therefore, we would suggest the following guidelines for a program to assure reasonable geographic distribution in the awarding of Initiative grants:

1) We ask that, as they did last year, the Appropriations Committees set aside 10 percent of the funds in fiscal year 1995 for the EPSCoR initiative. These awards should be coordinated through the individual state EPSCoR committees to assure support for the state's overall effort to improve its infrastructure; to increase the number and quality of grant applications submitted by its researchers; and, ultimately, to enhance its ability to compete successfully in the high-tech economy.

2) A goal should be established to have 20 percent of the actual research grant awards made to EPSCoR states. If the number of high quality research proposals submitted from EPSCoR states is not sufficient to reach this goal, the Department of Agriculture could report this determination annually to the Congress, together with their suggestions for additional infrastructure improvements to allow the goal to be reached.

Conclusion:

The state-based nature of EPSCoR is directly responsive to concerns about the concentration of research in a small number of institutions in a way that institutional programs intended to foster research are not. Other advantages include encouraging cooperative efforts among universities in states with limited resources, developing a broad base of research scientists with expertise related to an agency's mission, and providing a critical mass around which a state's scientific enterprise can develop. In addition to fostering competition and geographical equity in the distribution of Federal research funds, participating states find real value in the EPSCoR program in an international economy driven by technology.

In closing, Mr. Chairman and Members of the Subcommittee, we thank you for listening to our presentation on the Experimental Program to Stimulate Competitive Research. We urge fiscal year 1995 support for EPSCoR at the Agriculture Department. We believe it is an exciting program with great potential benefit for states such as Arkansas, Mississippi, and Nevada. It is a program that we believe will produce solid results in scientific research and education for the participating states and the Nation as a whole. We hope you will join us in supporting EPSCoR.

NATIONAL RESEARCH INITIATIVE AND OTHER RESEARCH PROGRAMS

WITNESS

DR. PETER J. BARRY, CONSORTIUM OF SOCIAL SCIENCE ASSOCIATIONS

Mr. DURBIN. Dr. Peter Barry, the Consortium of Social Science Associations.

Mr. BARRY. Mr. Chairman, Mr. Skeen, other Members, my name is Peter Barry. I am a Professor of Agricultural Finance at the University of Illinois. I am currently President of the American Agricultural Economics Association.

I am pleased to represent the Consortium of Social Science Associations, or COSSA, which itself represents 90 professional, scientific societies, educational and social science research institutions. We would like to share our views about the budget proposals for the Cooperative State Research Service, in particular the NRI, and about two new research programs, and the Economic Research Service of USDA.

For the NRI, COSSA urges full funding of the $144 million recommended by NASULGC. It recommends full funding of the money recommended by NASULGC for the markets, trades, and world development program. And it recommends changing the name to economic and social issues.

The primary association science program of the NRI, called markets, trade and rural development, has received about $4 million of funding in 1992, 1993 and 1994. The 1992 and 1993 funds have supported 69 research grants at U.S. universities out of a total of 355 project proposals, or 19 percent selection rate, leaving many excellent proposals unfunded.

If funds permit, we would like to see the selection rate in the 30 to 35 percent range of funds permit. A brief sampling of some of the projects under way indicates a study at the University of Kentucky on economic and social restructuring of the six-State region in the Ohio River Valley; a Penn State-Iowa State University study on multi-community partnerships for meeting the service delivery needs of rural areas; a Texas A&M University-led study to develop a community leader handbook for the sighting and management of waste storage facilities; studies of long-run export demands for the U.S. meat and poultry industry, by the University of Delaware and University of Kentucky; and a Purdue University study on export and foreign investment activities by U.S. food companies.

We have a more extensive and detailed summary of these projects in our written testimony. Good work is under way, and the NRI benefits are greater than the availability of research funds alone.

These Federal projects have allowed the university researchers to augment their local support base, attract matching funds, tie into regional, national and international networks, make their work more credible, develop important interdisciplinary and multi-State collaboration.

We are concerned, however, that the limited yet important focus on markets, trade and rural development is overlooking other important economic and social issues. Feedback from research, user and stakeholder groups has identified a number of other high-priority areas, including the effects of the continued industrialization of agriculture, the economics of environmental and natural resources, consumers' willingness to pay to avoid food safety risks, risk management in agriculture, and the distributional effects and regulatory costs and benefits of public policies.

Broadening the name of the markets, trade and rural development program to economic and social issues will accommodate this broader set of issues. It will add flexibility to the NRI program. And it may aid in seeking an appropriate balance between competitively and administratively allocated research funds.

COSSA also endorses and supports two new research grants recommended by NASULGC: $3 million for the rural, economic and association development grant, which will allow the 1890s universities in the southern U.S. to gain ground on rural poverty and community development; and $1 million for the grant providing a stable and technically competent work force which will help support the nationwide youth at risk program and contribute to other family and community initiatives.

Regarding the economic research service, in the USDA restructuring plans, ERS is relocating to the new Under Secretary of Research, Education and Economics. This new location will allow better collaborative work with other agencies and allow ERS to continue its traditional work.

Having had a significant budget cut last year, we would hope that the ERS funding base can at least be maintained or increased for 1995.

Thank you very much.

Mr. DURBIN. As I look through all the research being done, it all looks like it has fairly practical applications. Especially the one whether timber causes poverty is a little more reflective than I thought we would be dealing with here. Explain to me what this research ends up doing. Who reads it?

Mr. BARRY. Who reads it? If it is marketed properly it finds its way into the public decision-making streams, through yourself and other policymakers.

Mr. DURBIN. How would it find its way to Joe Skeen?

Mr. BARRY. Our professional association publishes Choices magazine, which finds its way around the halls. I am not sure if you both have seen it or not, but it is a policy-related magazine published four times a year, and it contributes to the debate and dialogue on a policy agenda. And it does cover research projects.

Mr. DURBIN. Some of this research is very interesting and very timely—NAFTA and sales in China and so forth. I just wondered how a Member of Congress, for example, would ever stumble on it, where we would find it.

Mr. BARRY. We need to make it accessible to those who don't need to see all the methodology behind it.

Mr. DURBIN. You are getting to a level here where a liberal arts-economics major might actually get something out of it. Previous witnesses talk about biology and somehow or other it manages to escape——

Mr. BARRY. I would like to provide you and the other committee Members with a copy of Choices magazine, because I think it meets the bill on this.

Mr. DURBIN. Thank you.

Mr. Skeen.

Mr. SKEEN. Thank you, Mr. Chairman.

And, Doctor, that makes the point right there. We are inundated with so much information that comes in, and it is very difficult sometimes just from a cursory examination of it, to know just what it does. So you have made your point. We will take a look at it. Thank you.

Mr. DURBIN. Thank for testifying.

[The information follows:]

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TESTIMONY OF

PETER J. BARRY, Ph.D.

PROFESSOR OF AGRICULTURAL FINANCE
UNIVERSITY OF ILLINOIS

and

PRESIDENT
AMERICAN AGRICULTURAL ECONOMICS ASSOCIATION

on behalf of

CONSORTIUM OF SOCIAL SCIENCE ASSOCIATIONS
(COSSA)

on the

FY 1995 APPROPRIATIONS
for the

NATIONAL RESEARCH INITIATIVE COMPETITIVE GRANTS PROGRAM
COOPERATIVE STATE RESEARCH SERVICE

ECONOMIC RESEARCH SERVICE

AGRICULTURE, RURAL DEVELOPMENT, FDA AND RELATED AGENCIES SUBCOMMITTEE

COMMITTEE ON APPROPRIAITONS

U.S. HOUSE OF REPRESENTATIVES

HONORABLE RICHARD DURBIN, CHAIRMAN

MARCH 1, 1993

OFFSET
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American Anthropological Association • American Economic Association • American Historical Association • American Political Science Association
American Psychological Association • American Sociological Association • American Statistical Association • Association of American Geographers
Association of American Law Schools • Law and Society Association • Linguistic Society of America

Mr. Chairman and members of the Subcommittee. My name is Peter J. Barry. I am Professor of Agricultural Finance at the University of Illinois at Urbana-Champaign, and the current President of the American Agricultural Economics Association (AAEA) -- a professional association of almost 4,000 economists interested in the economics of agriculture, natural resources, and development.

I testify today on behalf of the Consortium of Social Science Associations (COSSA), an advocacy organization representing over 90 professional associations, scientific societies, education and research institutions, including the AAEA, concerned with the promotion of and federal funding for the important research conducted by social, behavioral and economic scientists. (A list of COSSA Members, Affiliates, and Contributors is attached.)

I will present our views about the budget proposals for the **Cooperative State Research Service, in particular the National Research Initiative Competitive Grants program (NRI), other special grant programs, and the Economic Research Service.**

My own discipline of agricultural economics is one of several social sciences involved in agricultural research. Also included are Rural Sociology, Family and Consumer Sciences, Agricultural Communications, and Agricultural Education, among others. These social science disciplines focus on the human behavior and social systems dimensions of agriculture and rural communities. Their research goals are to understand and explain factors affecting the well-being of rural people and the services they provide to society, and to provide information that will lead to improvements in private and public decision making. Indeed, all research -- including that of the biological and physical sciences -- has improvements in social well-being as the ultimate goal. Thus, social scientists have much to offer in helping to articulate social objectives, designing measurement approaches, interpreting and communicating the work of other disciplines, evaluating new institutions, and analyzing policy alternatives.

CSRS and the NRI

The primary social science component of the NRI is the Markets, Trade and Rural Development program, which received $4 million in FY 1992 and 1993. In FY 1994 the Congress appropriated $4 million again, but the recent rescissions included in the Emergency Supplemental Appropriations Act of 1994 reduced this amount to $3.76 million. This was distressing since this component has less funding than it had three years ago. The other five programs areas of the NRI do contain language in their descriptions about socio-economic implications, but administrative procedures for incorporating social science work into these other areas has been slow to develop.

For FY 1995, for the NRI, COSSA urges:

1) **Full funding of the $144 million recommended by NASULGC;**
2) **Full funding of the $9 million recommended by NASULGC for the Markets, Trade and Rural Development Program of the NRI; and**
3) **Changing the name of the social science program of the NRI from Markets, Trade and Rural Development to Economic and Social Issues.**

The $4 million appropriated in FY 1992 supported 35 competitively selected, peer evaluated research projects (21 in markets and trade, and 14 in rural development). The same amount in the FY 1993 appropriation supported 34 projects (20 in markets and trade, and 14 in rural development). These 69 projects were selected from a total of 355 proposals (a 19.4 percent selection rate) leaving many (286 in total) excellent, unfunded proposals.

The projects selected for funding include research on:

- the impacts of NAFTA and GATT on agricultural trade;
- export potentials for selected types and forms of commodities in various regions of the world;
- consumer attitudes toward about food, fiber, and forest products;
- food safety and quality standards in trade;
- fiscal management in rural communities;
- socio-economic linkages between metropolitan and rural areas;
- rural labor market skills;
- infrastructure investment; and
- employment diversification.

Most of the 1992 and 1993 NRI projects are still underway, but some selected progress reports on these, often multi-state and multi-disciplinary studies, can be briefly cited.

For Rural Development

- A University of Kentucky project involving two sociologists, an economist, and a geographer is studying the economic and social restructuring of a six state region of the Ohio river valley in light of the recent loss of high wage jobs, economic and environmental conflicts (jobs versus the environment), and the decline of extractive industries. The study will evaluate how federal, state and local policies have influenced the socio-economic and geographic transformation of the region and the well-being of rural people.

- At Auburn University, a team of two sociologists, an economist, and a forester have found a significant relationship between timber production and rural poverty (i.e. "timber causes poverty?"), and are conducting detailed county-level studies to determine how historic land use patterns, employment opportunities, tax abatement policies, and other factors might explain this relationship.

- A multi-state project led by researchers in Pennsylvania and Iowa is studying how multi-community partnerships and alliances enable small rural communities to more effectively meet their service delivery needs, the capacity building strategies for the communities involved, and the types of state and local policies that facilitate partnership formation.

- A Texas-based, multi-state study involving sociologists and economists is examining the effects waste facility siting and management has on the economic, demographic, public service, fiscal, and social dimensions of rural communities in the Great Plains and the Inter Mountain West. One product of the study will be a Community Leader Handbook for the Siting and Management of Waste Storage and/or Disposal Facilities.

For Markets and Trade:

- An Iowa State University economics team has combined NRI funds with funds from the U.S. Meat Export Federation to evaluate the long-run competitiveness of the U.S. beef industry in all of the import beef producing and consuming areas of the world. Assessments of supply and demand conditions and current policies relative to those of the U.S. have contributed to long-term projections and strategic plans by the Meat Export Federation. Several new market opportunities were discovered and some previous unknown trade barriers were exposed.

- A team of economists at the University of Delaware and the Economic Research Service of USDA is evaluating how changes in market reforms and growing incomes in China, the pending GATT membership applications of China and Taiwan, and Hong Kong reverting back to China in 1997 will alter world prices, trading patterns, and U.S. trade shares of grain, feed grains, oil seeds, and cotton. As a first step, the researchers have found largely price inelastic demands for most food commodities, limited substitution by Chinese consumers among commodities due to price changes, and meat, poultry, fruits, sweets, and other foods as the most responsive to changes in consumer incomes, indicating long term trade opportunities in these areas.

- An economist in Kentucky has found that demands for frozen beef in South Korea and frozen pork and some chicken parts in Taiwan may offer potential export gains for U.S. producers, as market distribution and production systems in these countries (especially South Korea) are modernized, trade barriers are reduced, environmental problems are resolved, and U.S. beef is uniquely identified.

- A University of Missouri economist has found that failure to reach a consensus on food safety regulations at the European Community level has led to the development of national legislation and to the application of idiosyncratic, often voluntary regulatory practices that in turn may influence trading patterns of U.S. firms, geographic location of production, and the nature of vertical coordination across market sectors.

- A University of Maryland research team, that is examining the effects of the Free Trade Agreement with Mexico on agricultural production, consumption, and trade, has established a consortium with researchers in several Latin American countries. A conference and briefing session are planned for policy makers and other researchers.

- Studies at Purdue University addressing alternative modes for international food sales and characteristics of exporting firms have found substantial complementarity between foreign direct investment by U.S. food companies and food exports to the United Kingdom. If export subsidies for value-added food products also encourage foreign direct investment by the same U.S. food companies, then policy-led export encouragement should be tailored to the characteristics of the exporting firm.

These reports indicate that good work is underway. As these projects and others are completed, the socio-economic information base for policy analysis and decision making will be substantially enriched -- especially in areas of markets, trade and rural development. Moreover, researchers conducting these projects report substantial satisfaction with the NRI grants. These funds have allowed them to augment their local support base, tie into national and regional programs, add significant credibility to their research programs, serve as a lever for attracting additional funds, and have facilitated extensive interdisciplinary, multi-state work, and in some cases international collaboration. Thus, the benefits of the NRI program are extending well beyond the provision of funds alone.

Besides the specific focus on markets, trade, and rural development, however, numerous other economic and social issues also warrant consideration for inclusion in the NRI research agenda. A current agricultural economics research priorities project sponsored by CSRS, ERS, and USDA, based on 10 focus groups of research users, identified high priority areas such as equity effects of government policies, regulatory costs and benefits, consumers' willingness to pay for avoiding safety risks, and the economic trade-offs involved in sustainable agriculture. Also, included among these topics are the continued industrialization of agriculture and its implications for farm, resource, credit and development policies; more effective methods of risk management in agriculture, both in the private sector and through public policies; the economics of environmental and resource management; human capital development in rural areas; innovative ways of creating wealth in rural areas; and family strategies for coping with economic hardships.

These issues, and others not cited, are not directly reflected in either the Markets, Trade, and Rural Development Program of the NRI or in the other NRI programs. Changing the name of the Markets, Trade, and Rural Development Program of the NRI to Economic and Social Issues would maintain the current focus while broadening the scope of social science work. Such a change would also provide flexibility for social science research to respond to new issues, and it would achieve consistency among the six major research areas of the NRI and those of the National Association of State Universities and Land Grant Colleges (NASULGC). This change together with expanded funding of the social science research program of the NRI might reduce the need for social scientists to seek special grants from Congress to address important policy and research questions that would otherwise go unfunded in the agricultural research agenda.

Special Research Grants

COSSA endorses and supports the recommendation by NASULGC for $1 million of funding in FY 1995 for the special research grant Expanding Research to Maintain Capacity to Provide a Stable and Technically Competent Workforce. The agricultural research establishment must have ready access to an accurate, current information base about the communities and families from which it expects to draw a technically able workforce. This research initiative will meet this need and contribute to the research base for the nationwide Youth-At-Risk program established by the Extension Service, USDA, and the Extension Committee on Policy of NASULGC, and it will contribute to other emerging initiatives on families and communities.

COSSA also endorses and supports the recommendation by NASULGC for $3 million of funding in FY 1995 for the special grant Rural Economic and Social Development (1890). This project will address a critical need in the southern U.S. to gain ground towards alleviating rural poverty and permit the people involved to empower their families and communities for positive development. The 1890 institutions are motivated and positioned to provide leadership in this area. This research will focus on barriers to family and community development; incentives for new linkages and partnerships; infrastructure needs; business and job opportunities; enhanced development of human capital and leadership; and other critical needs.

Economic Research Service

The Economic Research Service (ERS) carries out four very important functions and performs them very well. First, the ERS Situation and Outlook program provides information and analysis about short and long run conditions affecting food, agriculture, and resources, both home and abroad. Substantial use is made of this information throughout the U.S. Second, research and data development programs of the ERS have included congressionally mandated research projects, cooperative studies with other federal agencies and universities, USDA priority projects, and agency initiatives.

Third, the widely used and highly valued economic and social indicators of ERS include financial and economic data on farm income, farm assets and debts, productivity, resources, and numerous other measures. Fourth, the staff analysis program of ERS has been rapidly expanding due to the growing demands for timely and responsive analyses providing information and decision making on critical policy and programmatic issues.

In the USDA restructuring proposal ERS will relocate from its own assistant secretary of economics to inclusion with the set of agencies under the new assistant (or under) secretary of research, education, and economics. This new location will enhance the ability of ERS to work with other research, education, and service agencies, while conducting the traditional functions cited above. Having suffered a significant reduction in its funding in FY 1994, COSSA **urges the Congress to reject the administration's request for another reduction for ERS in FY 1995, and to maintain FY 1994 funding levels so that it can carry out its important responsibilities.**

Thank you for the opportunity to present our views.

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Mr. DURBIN. Dr. Ted Batterson, and panel, the U.S. Regional Aquaculture Centers. Thanks for joining us.

Mr. BATTERSON. Mr. Chairman, Mr. Skeen, I am Ted Batterson, Director of the North Central Regional Aquaculture Center, and it is a privilege to come here today to testify on behalf of all the regional aquaculture centers.

It is my pleasure and honor to introduce to you a prominent member of the aquaculture industry who will provide this oral testimony. This individual is Dr. David Smith, president of Freshwater Farms of Ohio. Mr. Smith.

Mr. DAVID SMITH. After all that, someone crazy enough to be a fish farmer this last winter.

Mr. SKEEN. You made a good campaign.

Mr. DURBIN. Frozen fish.

Mr. DAVID SMITH. Thank you, Chairman Durbin and Members of the subcommittee. I am glad to have this opportunity to speak to you about aquaculture and the subcommittee has always been a good supporter of this new industry and we surely appreciate that.

One of the things that we have really seen happen that we are very excited about still is that the regional aquaculture centers have been a good industry lead, a response to problems and growing pains in this young industry.

Probably some of the major types of problems that we are tackling now are in a couple categories I want to touch on very quickly, the first of which would be looking at waste management concerns and environmental type strategies to make sure that aquaculture develops in this country on a sound environmental base with economic matters considered.

Our present position now where the centers are even conducting interregional and joint studies within the centers because these are national problems, and the industry feels very strongly about these types of priorities.

So that there is a couple of attacks are being taken now, one of which is the development of more efficient diets, so that a new expression might be these are diets that want not, waste not, because you are looking at providing diets that don't have extra nutrients going into the downstream.

We are looking at the developing of those type of nutritionally complete and very efficient diets. We are looking at some of the major problems that I think the fish farmers look at when they start talking about waste management strategies, best management plans, the types of things that other farmers are also having to deal with now is to looking at what are appropriate types of technology that are farmer friendly and that can be used in a significant way.

I am sorry that our other fish farmer was supposed to be here from down south isn't here to testify also, but any crawfish farmer down there will tell you they surely know the value of wetlands for their production of crawfish, and I think a lot of us are seeing that that is a place where wetlands can be used positively for waste management, not only aquaculture but other types of farms.

We are seeing a nice move now toward integration of aquaculture in with conventional types of farming where aquaculture plays a key role in the management problems that are faced. Personally we have been involved in setting up aquaculture facilities that help solve some of the problems of dairy farmers and some of their waste, not only from manure and things like that, from their treatment lagoons, but also from their milking parlors, ice cream plants.

We are able to use constructed wetlands, able to use aquacultural lagoons that strip out in the way of a usable product. So we are excited about how aquaculture fits into that scheme of things.

I think that we are also very pleased with the strides that have been made as far as making the most out of very meager extension support from the States in aquaculture. The system of coordination now between the different States, and I speak from personal experience in the Midwest area, that the extension agent from each of the States now work very closely together so there is not a lot of duplication in the production of very important public information efforts.

There has been some new things. They have tried teleconferencing this last year that was within our region, producing new materials, and I hear you talking about getting information out to the public, and we consider that a key part is production of videos that will address the very heavy demand that we see for aquaculture in new people that want to get into this industry but don't know how to do it, and we surely don't want to see the number of people that want to get into this industry to have a negative experience, to fail, and we really need to get the best of our knowledge that we presently have out there to these people and continue to research those problem areas that need to be understood better.

Probably the third and finally thing I want to touch on is the—in this young industry we really don't have large corporations that are able to fund a lot of research to address industry problems and we really, in our area at least, not so much anymore in the southern region, but we lack marketing infrastructure. We lack information that now the USDA sponsored regional centers are starting to provide, starting to provide some basic marketing information so that people can have some idea of what is going on out there and to make decisions based on economic realities as far as planning what they do in either planning a new operation or an existing one, so we feel that is a very strong need and as this industry is growing, we are kind of outgrowing our niche markets in the Midwest and trying to produce a product that has—really is an international commodity in the global marketplace, and we see some real promise there, but we are having difficulties in reaching that goal.

And in closing, I guess I would just like to point out a phrase I heard from an investment person recently that said that aquaculture is an industry in focus for the future, and we really feel strongly that the subcommittee's continued support of the regional aquaculture centers has been a major help in making that promising future a reality.

Thank you.

Mr. DURBIN. Thanks for your testimony, and this subcommittee is counting on your success because we have made significant investments in aquaculture and believe that it has a bright future.

I have had an opportunity over the past year to visit several areas where aquaculture research is under way, both in Illinois and outside the State, and I think this is an area that is often overlooked and shouldn't be. We have great potential and great opportunity here.

I think one of the most encouraging things you told me is that this work with the regional centers is starting to lead to an exchange and transfer of information in marketing and other areas, and that is absolutely critical for the growth of this industry. We will continue to do our very best to fund that type of effort in the future and you have a lot of friends here.

Mr. DAVID SMITH. Thank you, Mr. Durbin.

Mr. DURBIN. Mr. Skeen.

Mr. SKEEN. Thank you, Mr. Chairman, and Dr. Smith, I think that aquaculture has really added a new element to diversification in agriculture and it is becoming a very important part of it.

This holds a lot of promise. I think the funding that we put in these centers has done a good job and now if you can find something we can raise in New Mexico with no water.

Mr. DAVID SMITH. There is a lot of work on reuse of water.

Mr. SKEEN. Reuse of water? We use our several times.

Mr. DAVID SMITH. That is right.

Mr. SKEEN. We have the greatest water in the world. It is 90 percent rock, 10 percent moisture.

Mr. DURBIN. Dried fish. We can do that.

Mr. SKEEN. Yes, we raise them dry.

[The information follows:]

Testimony submitted to the

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES SUBCOMMITTEE ON APPROPRIATIONS

concerning

SUPPORT FOR THE REGIONAL AQUACULTURE CENTERS

written statement by

DR. TED R. BATTERSON, DIRECTOR
NORTH CENTRAL REGIONAL AQUACULTURE CENTER
EAST LANSING, MICHIGAN

March 1, 1994

Thank you Mr. Chairman and Members of the Subcommittee for allowing me this opportunity to submit testimony on behalf of the Regional Aquaculture Center Program. We are truly appreciative of the Subcommittee's support for this program over the last seven years. Funding appropriated for the Regional Aquaculture Centers in fiscal year 1993 was $4 million. I am submitting this testimony to urge you to increase the support for the Centers to the fully authorized level of $7.5 million.

The North Central Regional Aquaculture Center serves the industry and consumers in the 12 states of Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, and Wisconsin. This fertile section of the country produces abundant grains and soybeans that can be processed for fish feeds. We also have spectacular water resources for aquaculture within our boundaries. These include U.S. portions of four of the five Great Lakes, and rivers and streams that make up the Missouri, Ohio, and Upper Mississippi River drainages. The 60 million people residing in this region are mainly concentrated on these water bodies. They have a long tradition of using fish as a major source of protein in their diets.

In 1993, an estimated 890 million pounds of commercially caught fish and shellfish were consumed by residents of the North Central Region. On the supply side, probably less than 5% of regional consumption can be accounted for by commercial capture fisheries and aquaculture ventures from our lakes and rivers.

Consequently, fish consumption in the North Central Region was a major factor in the $2.2 billion U.S. trade deficit in edible fishery products reported by USDA for 1992.

Fish consumption has become expensive for people in the North Central Region. Demand has risen in response to increasing awareness of health benefits derived from fish in the diet. Fish from traditional U.S. ocean fisheries are being consumed by increasing populations in coastal states. The supply of reasonably priced, good quality ocean products to our inland markets has diminished substantially over the last decade. Prices for fish in our grocery stores and on menus in our restaurants have spiralled upward. Meanwhile, much of the recreationally caught fish are environmentally contaminated and could potentially be a health risk.

If I may suggest, Mr. Chairman and Members of the Subcommittee, the time is clearly at hand to move aggressively to increase regional aquaculture production using our many water resources that are not contaminated. We also need processing technology and market development programs to make use of new and non-traditional aquaculture species and products.

The aquaculture community of the North Central Region is very appreciative of the steps Congress has taken to improve our fish supplies and reduce the trade deficit in fish products. USDA's Regional Aquaculture Center Program is one such initiative. The North Central Regional Aquaculture Center (NCRAC) works with four other centers on an integrated approach to a well developed and sustainable aquaculture industry in the U.S.A. and its territories. Programs of the centers are driven by needs of regional industries, articulated through strong Industry Advisory Councils. Top-notch teams of research and extension specialists from universities and public agencies in the North Central states began executing work plans to solve problems of the industry in May 1989. Work is accomplished using in-place people and facilities. No expenditures are made on brick-and-mortar or institutional overhead. At this time, NCRAC has ten projects on-line. They involve each of the 12 regional states, 38 aquaculture scientists and extension people, and 16 universities and public agencies. Analysis of economics and marketing and genetic improvement of regional strains of cultured trout, walleye, yellow perch, and sunfish are thrusts of the program. Improvement of technology for regional culture of hybrid striped bass is also underway. Projects on crayfish, bait fish, and aquaculture waste management are now in their second year of activity. Aquaculture specialists in USDA's

Cooperative Extension Service are making information from these projects available in the region and across the country.

While a good start has been made to serve needs of the industry and consumers, additional regional problems of high concern are left unattended. Least-cost nutrition for newly cultured species, policy for genetic engineering of cultured fish, and fish health and food safety are among them. On hold, is a large pool of expertise in our publicly funded universities and agencies that can deal with these concerns.

Mr. Chairman, and Members of the Subcommittee, thank you for your support of the Regional Aquaculture Center Program. Funding over the past years has been put to good use in this program. We respectfully request that funding at the authorized level of $7.5 million be provided so that this important program can conduct the full range of activities necessary for development of the industry and continued reduction of our large trade deficit.

Testimony submitted to the

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES SUBCOMMITTEE ON APPROPRIATIONS

concerning

SUPPORT FOR THE REGIONAL AQUACULTURE CENTERS

written statement by

MR. LARRY BROWN
OWNER/OPERATOR
FOUNTAIN BLUFF FISH FARM
GORHAM, ILLINOIS

March 1, 1994

I appreciate the opportunity to express the importance of aquaculture in the state of Illinois. My partners and I are entering our twenty third (23rd) year as aquaculturists. We have 225 acres of production ponds and two holding/loading facilities in southern Illinois. Our fish farm is the largest in the state of Illinois. We raise a variety of fish for pond and lake stocking and for human consumption. Most of the fish are sold within the state, however, some are sold to neighboring states. We have also supplied large channel catfish to the Illinois Department of Conservation for the "Urban Fishing" program. I have also been a member of the Illinois Aquaculture Industry Association since 1987 and served on the board of directors for two years.

Aquaculture in the United States is presently the fastest growing segment of U.S. agriculture. However, it supplies only 10 to 15 percent of the U.S. seafood needs. Over 60 percent of the seafood Americans consume is imported. This level of importation makes fish and shellfish the second largest contributor to the trade deficit among natural products, surpassed only by petroleum. With global demand for fisheries products expected to grow seven-fold over the next 35 years, and with natural supplies of fish and shellfish now being harvested at maximum sustainable yields, the U.S. has an opportunity to develop a globally competitive aquaculture industry to serve its own consumers and the global marketplace. That can help to revitalize rural America.

Aquaculture in Illinois is still in it's infancy as an industry, but growing. There are more than 100 "aquaculture facility" permit holders, resulting from about a 20% increase each year for the last six years. Several are part-time and small-scale fish farmers; about twenty (20) derive a major part of their income from aquaculture. The Illinois aquaculture industry looks to the State Department of Agriculture and, more importantly, to the U.S. Department of Agriculture for strong leadership in support of this emerging new agricultural industry. In this regard, I strongly encourage you to support the U.S.D.A. North Central Regional Aquaculture Center by fully authorizing the appropriation of $7.5M for the Regional Aquaculture Centers. Funding for the Centers will lead to more research on a variety of species suited to the five regions, generate economic and marketing information, enhance the extension of existing and new aquaculture information, and eventually lead to another significant use of our Illinois corn and soybeans - fish food.

Testimony submitted to the

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES SUBCOMMITTEE ON APPROPRIATIONS

concerning

SUPPORT FOR THE REGIONAL AQUACULTURE CENTERS

written statement by

MR. CURTIS STUTZMAN
SECRETARY/TREASURER
AMERICAN TILAPIA ASSOCIATION
KALONA, IOWA

March 1, 1994

I present my testimony behalf of the 200 members of the American Tilapia Association. Tilapia, a fish endemic to the Nile River in Northern Africa, is growing in popularity as a cultured fish in this country due to its substitutability in the market with fish like cod and orange roughy and because it is easily cultured on a grain-based diet in intensive systems. I personally serve as Secretary/Treasurer to this fish species association and I have personal involvement in Kloubec Aquaculture, L.C. based in Cedar Rapids, Iowa.

I have also been personally involved in the national effort to bring aquaculture into the high school agriculture classrooms as a new approach to teaching applied agriculture science. At Linn-Mar High School in Marion, Iowa, enrollments in agriculture classes rose 300% after a pilot aquaculture program was implemented there. The school administration changed their course from trying to cancel the ag program to becoming one of its most vocal supporters. Regional Aquaculture Center personnel and extension agents have been very involved in this program and with of hundreds of other ag programs across the country.

I wish to personally rise in support of the Regional Aquaculture Centers and in particular the North Central Regional Center of which I have become personally familiar as a new member of the Industry Advisory Council. It is reassuring to me as an aquaculturist and as a taxpayer to see industry advice being taken seriously by researchers. The guidance that these Industry Councils give make sure that the scarce national resources that we have for aquaculture development are spent with commercial interests in mind. This new system really does work and the research has been responsive to changing industry needs.

However, Congress has not fully funded this effort in the past. I urge you to consider funding the Regional Aquaculture Center program at its full authorization of $7.5 million. Aquaculture is a young and developing industry. The American consumer's interest in leaner protein sources and more variety in their diet has created a massive seafood trade deficit. In fact, seafood products is this country's largest food import deficit item. Short of cutting consumption, the only way to reduce this deficit is to develop a viable aquaculture industry in this country. Ocean supplies are diminishing as pollution and overfishing take its toll.

The catfish industry, a U.S. aquaculture success story, was made possible by a coordinated effort from the private fish farmers, university researcher and extension specialists. The United States needs more catfish success stories. The new species that are being developed under the North Central Regional Aquaculture Center programs such as walleye, yellow perch, hybrid striped bass, and Tilapia have great potential to be catfish success stories.

In the Tilapia industry, we have seen what happens when opportunities are missed. U.S. institutions were slow to recognize Tilapia as a viable fish product in the U.S. market. This lack of foresight was due to the fact that Tilapia is not a fish endemic to the United States. However, Tilapia is well received in the market here and we have the water resources to produce the fish. Due to the lack of coordinated effort from extension and research, almost two-thirds of the 46 million pounds of Tilapia we consume in this country is grown overseas. The lack of research monies for aquaculture does hamper our development and does effectively add to our trade deficit in seafood. I strongly urge you to consider funding the Regional Aquaculture Centers at the full $7.5 million level. Thank you.

Testimony submitted to the

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES SUBCOMMITTEE ON APPROPRIATIONS

concerning

SUPPORT FOR THE REGIONAL AQUACULTURE CENTERS

written statement by

MR. DAVID A. ISAACS
FISH HATCHERY MANAGER
AQUATIC CONTROL, INC.
SEYMOUR, INDIANA

March 1, 1994

Thank you Mr. Chairman and Members of the Subcommittee for this opportunity to submit testimony in support for the Regional Aquaculture Center Program. My name is David Isaacs, I am employed as Fish Hatchery Manager by Aquatic Control, Inc. Our company has been in the fish management business since 1966 and we have seen a lot of changes in the aquaculture industry at the state, national, and international levels. I am presenting this testimony on behalf of our company as well as a board member, and past president of the Indiana Aquaculture Industry. I am proud to be one of the founders of the Indiana Aquaculture Association and to have served as its charter president.

As a member of the North Central Regional Aquaculture Center, Indiana has already seen positive results from the Aquaculture Center Program. Much needed industry surveys, data collection, liaison between the producers and the policy makers, as well as basic research projects have all provided insight to the needs and requirements of the aquaculture industry in our region. I strongly support the continued support for this effort. I believe the time has come and it is now!

Aquaculture provides farmers with a profitable alternative crop, helps reduce our national balance-of-payment deficit, and provides employment and income opportunities in rural regions of our country. The growth of the aquaculture industry in the US has global implications. Although the US is the world leader in traditional agricultural production, we face a great challenge to obtain the same position in aquaculture production. Many other countries have had much greater emphasis placed on their development of a strong aquaculture industry by their governments. The US must make every effort to provide the needed support for this industry in all areas of the nation. Isolated areas of the US have already seen aquaculture grow into a major economic factor. There is no reason the same cannot be realized nationwide.

The funding provided in the past for the Regional Aquaculture Centers has allowed a good beginning. Initiation of the Regional Aquaculture Center program by the Congress has stimulated a startup of programs that have been generally appreciated by the industry. The current level of funding has been very restrictive on development of research and extension programs given the great needs of this rising industry. I now challenge you to give serious consideration to increasing the funding level to the full authorized level of $7.5 million. This increase in funding will enable greater accomplishments in a shorter period of time. Time is of the essence for the aquaculture industry in the US. If we continue to take a wait and see attitude, we will find ourselves playing catch-up to the rest of the world. I believe we owe it to the private investors who are willing to invest their time and capital in the development of the aquaculture industry in the US to provide adequate federal funding to support the aquaculture centers as a support group. Without adequate funding, the Regional Aquaculture Centers cannot develop the full range of activities necessary for the continued development of the aquaculture industry in the US.

Testimony submitted to the

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES SUBCOMMITTEE ON APPROPRIATIONS

concerning

SUPPORT FOR THE REGIONAL AQUACULTURE CENTERS

written statement by

DR. DAVID A. SMITH, PRESIDENT
FRESHWATER FARMS OF OHIO, INC.
URBANA, OHIO

March 1, 1994

"Aquaculture is an industry in focus for the future." To those of us who have been working hard at making our piece of that industry viable, these are bittersweet words indeed. They were spoken to me by a vice-president of corporate financing for a major investment company headquartered here in the Midwest. That executive was responding to what he had learned about our industry from U.S.D.A. sponsored economic reports on the Situation and Outlook for Aquaculture in the North Central Region. The growth potential for aquaculture in the Midwest left him, as with many others, bubbling with exciting visions of what could come to be. Opportunities for new companies, new jobs, new support industries, new export products, all "just around the corner." These potentialities excite fish farmers as well, but those with hands-on experience know full well how difficult it can be. To work with species of fish that are marginally domesticated, fed with expensive diets less than optimally nutritious, then processed and marketed with little infrastructure or guidance, can leave one wondering when the future for aquaculture will finally come into focus. And yet, in spite of these difficulties, risks and financial hardships, aquaculture is growing. Lots of growing pains perhaps, but pushed on by the needs of the nation, and the economic forces of the international marketplace.

The North Central Regional Aquaculture Center has been responsive to the needs of the young aquaculture industry of the Midwest. New domesticated fish species are desperately needed by the private sector to boost development of major fish farms in the Midwest, but the low level of funding allocated the Aquaculture Center is providing a slow response to this major bottleneck. The development of these new breeds of fish suitable for a temperate climate is presently concentrating on species such as walleye, yellow perch and hybrid bluegills. From our perspective in Ohio, the once robust perch fishery from Lake Erie is no more, and the marketplace in Ohio must depend on limited supplies of imported perch from Canada and Poland. Retail prices for this popular Midwest fish have remained around $7-10 per pound for several years. Research priorities include appropriate fingerling technology, commercial production methods, and nutritional studies to develop cost effective feeds that utilize the vast agricultural feedstuffs of our region.

The updated adage about "give a man a fish and you feed him for a day, but teach a man to fish farm and you feed him (and ten others) for a lifetime" is particularly appropriate in these times of economic troubles and increased demand for federal monies. The main reason I spend volunteer hours in support of this research sponsored through the USDA's Regional Aquaculture Centers is that I strongly believe there is no better example of what our government can support in order to strengthen the economy, reduce trade deficits and provide a growing new agricultural industry with the potential to create new jobs, and produce a healthy and wholesome food supply for all Americans to enjoy.

Please give serious consideration to supporting a higher level of funding for adequate aquaculture research through the Regional Aquaculture Centers. I would like to request on behalf of the aquaculture industry that funding be extended to the fully authorized level of $7.5 million.

Testimony Before

THE SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD
AND DRUG ADMINISTRATION AND RELATED AGENCIES

1994

Concerning

SUPPORT FOR THE REGIONAL AQUACULTURE CENTERS

Written Statement By

MR. LESTER W. MYERS, PRESIDENT AND
GENERAL MANAGER, DELTA WESTERN, INC.
INDIANOLA, MISSISSIPPI

Mr. Chairman and other Members of the Subcommittee, we appreciate the opportunity to present testimony on behalf of the Regional Aquaculture Centers. My name is Lester Myers and I own and operate a catfish farm near Inverness, Mississippi. I also serve as President and General Manager of Delta Western, Inc., Indianola, Mississippi, the largest catfish feed mill in the United States. As Chairman of the Industry Advisory Council for the Southern Regional Aquaculture Center, I have been actively involved with the development and progress of these Center programs.

The Regional Aquaculture Centers provide excellent opportunities for industry representatives to have direct inputs into their programs including identification of issues that are of critical importance to our industry. As a result, research and extension scientists learn first-hand what is needed to help solve industry related problems. The accomplishments thus far from these programs are impressive and we commend the foresight Congress had when they authorized the establishment of the Regional Aquaculture Centers. All segments related to our industry will continue to rely on additional up-to-date research information if U.S. aquaculture is to reach its maximum potential.

Catfish remains the major fresh-water species produced in the U.S. and in recent years farm production values have exceeded $400 million annually. Baitfish, crawfish, ornamentals and trout are among other important species in the Southern Region which contribute an additional $150 million annually to our economy. Although the potential for aquaculture in the U.S. looks favorable, all producers are facing serious economic problems. Low prices for products sold at the farm level and high costs of production, mean that much more technology is needed by this industry. Lower production costs, improved harvesting and handling practices, and techniques to maintain good water quality are essential to increase profitability of U.S. production and to help reduce our country's dependence on aquaculture imports.

Much technical information has been developed from the Centers' projects and this is very helpful to newcomers in our industry as well as the most experienced producers. Nationwide distribution of the information obtained results in maximum benefit of dollars invested in research.

In the Southern Region we have completed nine research and extension projects since the Regional Aquaculture Center programs began in 1987. A large number of scientists from different universities and agencies collaborated on each of these. On-going projects work on effluents to assure that aquaculture production is compatible with good environmental practices and two projects dealing with product quality assurance are providing valuable information to maintain top quality products for the U.S. consumers. In addition, two projects to be initiated in 1994 will develop techniques for improved feed efficiency, pond management and other production practices. Results from these projects will benefit the entire U.S. aquaculture industry.

Those of us representing the aquaculture industry are extremely pleased with accomplishments made thus far by these Regional Center programs. Because of these achievements, we have now reached the point where longer-ranged studies can be undertaken to help address some of the very complex problems facing producers today.

In summary, we feel that additional valuable information will be forthcoming from these Center programs if increased funding is made available. Representatives of the aquaculture industry are convinced new research holds the key to our future success. The authorized level of funding for the five Regional Centers is $7.5 million. The total amount appropriated for the Centers for FY 94 was $4.0 million or $800,000 per Region. We strongly request your consideration of the 1995 FY budget to provide $7.5 million, the full authorized level of funding for the five Regional Aquaculture Centers.

Again, we would like to express our sincere appreciation for this and other valuable support you have previously provided our industry and these programs.

Thank you.

Testimony Before

THE SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES

1994

Concerning

SUPPORT FOR THE REGIONAL AQUACULTURE CENTERS

Written Statement By

Mr. Walter Landry, Past-President
Louisiana Aquaculture Association
Baton Rouge, Louisiana

Thank you, Mr. Chairman, for this opportunity to present testimony to your Subcommittee in support of the Regional Aquaculture Centers. My name is Walter Landry, and I am a sugar cane farmer and aquaculture producer. I currently serve on the board of the Louisiana Aquaculture Association, having previously served as President of that Association. I have also served as President of the national Striped Bass Growers Association, and on the board of the National Aquaculture Association.

I have been involved in agriculture and related industries for my entire career, and have witnessed the importance of university research and extension in the sugar cane industry for many years. In recent years, I have seen these same forces put to work for aquaculture producers in the southeastern U.S. through the framework of the Southern Regional Aquaculture Center. Through the assistance of a number of research and extension professionals from many states involved in this organization, I have diversified my farming operations to include hybrid striped bass, redfish and catfish production.

Industry growth has continued for a number of years for U.S. aquaculture producers, but foreign aquaculture production threatens to dwarf our country's industry in the future. U.S. consumption of farm-raised seafood continues to increase, but unfortunately much of this expansion has benefited growers in other countries. Over half of the $2 billion worth of shrimp imported into the U.S. in 1992 were farm raised. Similarly, Atlantic salmon now comprise most of the salmon imports into the U.S., and most of that supply is farm-raised. Imports of other aquaculture products such as tilapia and various shellfish species already represent significant dollar amounts, and are expanding rapidly. Our nation's aquaculture producers need the continued support and assistance of the Regional Aquaculture Center system to remain competitive in the future.

Another important point to consider is that worldwide harvests of wild seafood appear to have approached or finally reached their maximum levels. According to the United Nations, in 1989 the global commercial harvest of fish, crustaceans and mollusks was estimated at a record 100.3 million metric tons. Following 12 straight years of increases, estimated harvests declined to 97.2 million metric tons in 1990 and to 96.3 million metric tons in 1991. Many fisheries experts believe that harvesting rates are exceeding natural rates of replenishment in a number of commercial fisheries throughout the world, including many in U.S. waters. Based on population trends, even if per capita consumption of seafood remains flat in this country, we will need significantly greater supplies over the next several decades, as will the rest of the world. These supplies can come from only two sources: imports from other nations, or domestic aquaculture production.

The U.S. Congress has shown a renewed interest in our industry by giving the Office of Technology Assessment $400,000 to conduct a study addressing the current technological status of U.S. aquaculture production, identify new technologies for domestic aquaculture producers, evaluate production systems and policy relating to aquaculture development in selected foreign countries, assess roles of federal, state and private agencies in development of domestic production, and develop policy options for Congress. Additionally, the National Aquaculture Development, Commercialization and Promotion Act was introduced by Senator Akaka (HI) in July. Numerous co-sponsors, including both Senators from Louisiana, have since signed on to this legislation. Although some changes may be required before this bill becomes law, it's existence points out that lawmakers in Washington and throughout the nation have begun to realize the need to support a strong aquaculture industry in this country. I hope your Subcommittee will conclude that this type of support is worth investing in.

The Regional Aquaculture Centers provide a cost-effective approach to coordinating research and extension resources from a number of states. We are all aware that state budgets which provide most of the support for university-level aquaculture research and extension personnel are increasingly strained throughout our nation. The efficient framework of the Regional Aquaculture Centers is needed more than ever to provide the fish farmers of this country with the technical support necessary to remain competitive in the face of increasing foreign competition and provide our nation's consumers with high-quality, domestically-produced products.

Aquaculture producers in Louisiana and throughout the country recognize the past assistance and support of this Subcommittee. In light of the points outlined in this testimony, we strongly urge you to consider funding the fully authorized $7.5 million amount of support for the five existing Regional Aquaculture Centers in the FY95 budget. At no time in the past has this support been more urgently needed.

Thank you for this opportunity to once again offer comments of support for the Regional Aquaculture Centers.

Testimony Before

THE SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES

1994

Concerning

SUPPORT FOR THE REGIONAL AQUACULTURE CENTERS

Written Statement By

Mr. Harold Benoit, Chairman
Louisiana Crawfish Promotion and Research Board
Baton Rouge, Louisiana

Mr. Chairman and other Members of the Subcommittee: It is indeed a pleasure to have the opportunity to offer testimony in support of the five Regional Aquaculture Centers. I am Harold H. Benoit, a crawfish producer from Morse, Louisiana. I also serve as chairman of the Louisiana Crawfish Promotion and Research Board and I am on the Board of Directors (treasurer) of the Louisiana Crawfish Farmers' Association. I have held both of these positions for several years.

The Louisiana Crawfish Promotion and Research Board strongly supports the concept and structure of the Regional Aquaculture Centers. The Centers encourage collaborative research and extension programs designed to complement and strengthen existing programs provided for by the Department of Agriculture and other public institutions. Members of the Louisiana Crawfish Promotion and Research Board have been impressed from the beginning with the Center concept. These centers can fund research extension activities that are beyond the scope of the Louisiana Crawfish Promotion and Research Board.

The authorized level of funding for the Regional Aquaculture Centers is $7.5 million. Actual annual funding to date, however, is well below the authorized level, with only $3.75 million appropriated for the 87-91 fiscal years. For the 92, 93 and 94 fiscal years, funding was $4.0 million, divided equally among the five Centers ($800,000 each). The total authorized $7.5 million for the existing five centers will once again be requested for FY95. Full funding is essential for the aquaculture industry to maintain an edge on foreign competition in the next century. Inadequate funding will reduce our abilities to cut production and processing costs and thereby hamper our ability to compete in the global market. Our crawfish industry's domestic tailmeat market is presently feeling the adverse effects of low priced imported tailmeat from China.

The Louisiana crawfish industry, as we know it today, began about 30 years ago. There are approximately 115,000 acres in crawfish production. More than 1,600 individual farmers produced 54 million pounds of crawfish in 1993. The industry employed approximately 15,000 people in our state, and the on-farm value of production was approximately $27 million in 1993. Crawfish aquaculture now occurs in some 25 states. As with most new agricultural crops, much help is needed in the areas of production, harvesting, quality assurance and marketing.

We would like to emphasize that crawfish production costs, particularly harvesting costs, must be decreased to ensure profitability to producers. Research and extension efforts to address these important areas are now under way through projects funded by the Southern Regional Aquaculture Center (SRAC). Results from these projects will be extremely beneficial to our industry. Already, preliminary results from these studies indicate that the number of traps per acre and trapping days can be reduced without a negative effect on production. Employment of these management techniques by producers, although the project data has not yet been finalized and published, confirm a considerable reduction in production costs and as an added benefit, some producers report larger, more desirable crawfish being harvested.

The U.S. imports 70 percent of the seafood it consumes. The crawfish industry is unique because we exported 7.7 million pounds valued at $14.8 million to Europe in the first half of 1993. This is a 13-percent increase in quantity and a 9-percent increase in value from the first half of 1992. In the last 2 years, the export market for crawfish has steadily grown. The total value of 1993 exports is likely to triple the $5.2 million exported in 1991. This export market represents only a very small part of our balance of trade but is indicative of the potential for expanded exports of U.S. aquaculture products. Louisiana crawfish are important components of the world market, however, our industry is experiencing serious competition from both China and Spain. Support from the centers through research is necessary to maintain our competitiveness and continue to lead the crawfish global market.

The consumers' perception of seafood safety is always of primary concern to the crawfish industry. Incidents of irresponsible reporting of unsanitary and/or health-threatening practices by producers, harvesters and/or processors of seafood products are occasionally publicized by the media. Studies funded by the Southern Regional Aquaculture Center regarding food safety, such as the projects addressing aquaculture effluents, microbial contamination and residual contamination of processed crawfish, catfish, and trout products are of paramount importance in countering these "public awareness" and, in many cases, erroneous reports. These studies will show how safe our products are and help regain public confidence.

The ongoing study on effluent management from aquaculture facilities will provide good scientific data to assist state and federal regulators in their attempt to monitor effluents from crawfish and catfish ponds and raceways and also ensure quality wetlands and aquatic environments. The microbial study will evaluate the best methods of detection and reduction of spoilage and pathogenic bacteria. The specific objectives of the residual contamination project is to conduct a testing program for residues to determine any real or potential problems relative to the safety of southern aquaculture products, thus increasing consumer confidence.

Results from numerous Regional Aquaculture Center projects have already enhanced the position of aquaculture as an alternative agricultural crop, not only for the Southern Region but also for other regions of the country. Each project that is funded has input and review from research, extension and industry personnel so that practical, well-integrated programs, relevant to industry needs, are selected.

Again, we encourage funding at the authorized $7.5 million level for the five existing Regional Centers. We are excited about the Regional Centers because we know they are working toward addressing our industry problems.

Thank you for providing us the opportunity to submit this testimony on behalf of the Regional Aquaculture Centers.

Sincerely,

Harold H. Benoit, Chairman
Louisiana Crawfish Promotion and
Research Board

Testimony Before

THE SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION AND RELATED AGENCIES

1994

Concerning

SUPPORT FOR THE REGIONAL AQUACULTURE CENTERS

Written Statement By

DR. C. G. SHEPHERD, DIRECTOR
SOUTHERN REGIONAL AQUACULTURE CENTER
STONEVILLE, MISSISSIPPI

Mr. Chairman, and Members of the Subcommittee, thank you for the opportunity to offer testimony on behalf of the Regional Aquaculture Centers. The aquaculture industry continues to be a growing part of the U.S. economy, and the support this Subcommittee and other members of Congress provide for work to assist and improve this industry has been most helpful.

The Regional Aquaculture Center programs were authorized by Title XIV of the Agriculture and Food Act of 1980 and the Food Security Act of 1985 (Subtitle L, Sec.1475[d]). The designated regions are Southern, Western, Tropical/Subtropical, North Central and Northeastern. Their programs coordinate aquaculture research and extension activities to enhance viable and profitable commercial aquaculture production in the United States for the benefit of producers, consumers and the American economy. This work complements existing research and educational programs conducted by state and federal agencies. Technical expertise is provided by research and extension scientists from institutions throughout each region serving on committees for each project developed. User inputs into the Center programs are assured since industry representatives participate in the decision-making processes via Industry Advisory Councils for each region.

The authorized level of funding for the Regional Aquaculture Centers is $7.5 million annually. The FY 94 appropriation was $4.0 million divided equally among the five Centers. We would like to request your support for the full authorized level of $7.5 million for these five centers in FY 95.

Aquaculture, with a current production value approaching a billion dollars, is one of the most rapidly growing segments of U.S. agriculture. However, a trade imbalance for U.S. fishery products still exists and currently exceeds several billion dollars annually. Many issues and problems face the industry that must be addressed before the full potential for profitable production can be attained in the U.S. Much useful information has already been developed from research and extension work support by the Regional Aquaculture Center programs and this progress will continue if adequate funding is provided.

There is a highly commendable level of interest among aquaculture scientists in the Southern Region to work cooperatively on projects to address issues that are of regional and national concern. There is broad-based representation from throughout the region for both research and extension inputs and scientists from all thirteen states in the Southern Region, plus Puerto Rico and the Virgin Islands, have participated in our projects. Since 1987, the Southern Regional Aquaculture Center has funded projects in the areas of marketing and economics, aeration, aquatic health management, nutrition, harvesting technology, extension publications, effluents and food safety. Two new projects will deal with areas for improving production efficiency through nutrition and development of improved and more efficient culture practices.

Hundreds of research and extension publications plus approximately 20 videos have been completed by scientists working on projects for the Regional Aquaculture Centers. These are available nationwide to producers, processors, representatives of the feeding industry as well as those seeking up-to-date materials for educational purposes. Results from these Center programs benefit new and experienced producers and are very useful in helping innovative agriculturists determine whether or not a particular segment of aquaculture is a feasible venture for their level of financial resources and management skills.

These Regional Aquaculture Center programs have also attracted significant non-federal contributions for partial support of the their projects. For example, during the 91-93 fiscal years in the Southern Region alone approximately $1.2 million of non-federal funds were provided by cooperating institutions to partially support projects developed by the Regional Center.

The Regional Aquaculture Center programs enable us to develop and coordinate aquaculture research and extension activities throughout the nation and obtain maximum benefit from research dollars. Directors of the five Centers and USDA representatives work together to collaborate efforts among the Regions to address national aquaculture issues. We respectfully request that funding at the authorized level of $7.5 million be provided for the 1995 FY budget for these extremely important and successful programs.

Thank you for the opportunity to submit our testimony.

Testimony
to the
Agriculture, Rural Development, Food and Drug Administration
and Related Agencies Subcommittee on Appropriations
1994
concerning
The Center for Tropical and Subtropical Aquaculture

Written Statement by
Dr. Kevan L. Main, Director
Center for Tropical and Subtropical Aquaculture
Honolulu, Hawaii

Mr. Chairman and Members of the Subcommittee,

Thank you for the opportunity to submit testimony on behalf of the Center for Tropical and Subtropical Aquaculture and the other four Regional Aquaculture Centers. We appreciate the Subcommittee's support for the Regional Aquaculture Centers during the past seven years. The total funding appropriated for all Centers during fiscal year 1993 was $4 million. I am presenting this testimony to strongly urge expanding that support to the authorized funding level of $7.5 million for the five regional aquaculture Centers.

The Regional Centers offer a singular means of coordinating and employing the aquaculture research, development, demonstration and training expertise of the entire nation. The Centers work to expand the commercial aquaculture industry in direct response to that industry's needs as recognized in the National Aquaculture Development Plan. The Centers are unique in that they seek the direct involvement of industry members when planning and implementing projects. The Regional Aquaculture Centers, which are administered by the Department of Agriculture, complement its existing research and extension programs.

Aquaculture, in the broadest terms, is underwater agriculture rather than a new science or a recondite enterprise. Like land-based farming, aquaculture requires substantial research and development support to expand its technical and economic base and reach its full potential.

The Regional Aquaculture Centers are positioned to take best advantage of regional aquaculture opportunities throughout the nation. The centers assist industry with developing regionally applicable production methods. The Centers are programmatic rather than institutional, serving as a core of information exchange and regionally based research and education.

Imports of foreign fisheries reached a record $9.9 billion in 1992. Edible seafood imports accounted for $5.7 billion of that figure. Yet in the same period, the U.S. exported only $3.7 billion worth of edible seafood products -- a trade deficit of $2 billion. In addition, the trend has been for the United States to import increasing amounts of its edible seafood from Asian countries. Increased aquaculture production could only benefit the domestic seafood market -- and U.S. consumers -- by providing safe, high quality products at lower prices and decreasing U.S. reliance on imports. The regional Centers program aids this growth by providing the research and development support necessary for improved culture techniques.

The Center for Tropical and Subtropical Aquaculture, in operation since 1987, will initiate its seventh annual work plan on April 1, 1994. I offer you the following highlights of the significant achievements and plans of Center-funded projects.

Disease Management in Hawaiian Aquaculture: This project takes a two-pronged approach to solving aquaculture disease problems. The first component will develop strategies to mitigate losses of aquaculture crops, including Chinese catfish, tilapia, seaweed and ornamental fishes. The project's second component will develop a computer software program that will help farmers to identify and treat diseases of cultured tilapia. The program, originally developed with funding from the Center for Tropical and Subtropical Aquaculture, will be revamped to run in the popular Windows operating environment and on Macintosh computers.

Potential Drugs and Chemotherapeutants for Marine Shrimp: Selection, Evaluation and Approval: As a direct results of this project, the Food and Drug Administration approved Western Chemical Company to market formalin to treat penaeid shrimp diseases. The compound will make U.S. shrimp farmers more productive and competitive in the marketplace.

Library Aquaculture Workstation: The Pacific Regional Aquaculture Information Service for Education, known as PRAISE, was instituted with funding from the Center for Tropical and Subtropical Aquaculture in 1988. It has since established remote workstations at six sites in Hawaii and two sites in Guam. At the remote sites, users can perform database searches for the latest scientific information on an infinite variety of aquaculture topics 24 hours per day, 365 days a years. Workstations will installed at more sites remote sites in the coming year.

Aquaculture Extension and Training Support: Through this project, five American-affiliated Pacific island nations receive aquaculture seed-stock, on-site aquaculture training and extension services from an aquaculture extension specialist. This service is vital to the development of these nations' infant aquaculture industries.

Sponge Aquaculture Demonstration Project and *Differential Growth Rate Studies in Cultured Commercial Sponges*: The first of these projects funded the establishment of a sponge farm in the Federated States of Micronesia. Five local individuals have been trained in sponge culture techniques and assisted with starting their own farms. The second project will refine sponge culture techniques to improve productivity and profitability.

Introduction of New Aquaculture Species for Biological Culture Assessment: Two new species of warm-water abalone and twelve species of tropical ornamental fish imported under the project are showing extremely promising growth rates.

Development of Threadfin (Polydactylus sexfilis) Fry Production Technology: In its first year, this project achieved survival rates of 60 percent in this highly cannibalistic fish. The project will resolve bottlenecks in fry production technology.

Improvement of Tilapia Stocks in Hawaii: This project will take the first step toward improving Hawaii's tilapia aquaculture industry by documenting the technical and regulatory status of tilapia stocks and strains in Hawaii, nationally and internationally.

Mangrove Crab as a Model for Development of Quarantine System to Screen Species for Aquaculture in Guam: This project will establish an aquatic animal quarantine and screening facility in Guam and will investigate the feasibility of culturing mangrove crab.

The scope and variety of these projects demonstrate the breadth of the center's contribution to developing the aquaculture industry. We believe an even greater contribution would result if the Regional Aquaculture Centers receive funding at the fully authorized level of $7.5 million. We request your assistance and support to bring the nation's aquaculture industry to fruition.

Thank you again for the opportunity to submit testimony.

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Testimony
before the
Agriculture, Rural Development, Food and Drug Administration and Related
Agencies Subcommittee on Appropriations
1994
concerning
The Center for Tropical and Subtropical Aquaculture
Written Statement by
Dr. Linden Burzell
Vice President and General Manager
Amorient Aquafarm Incorporated
Kahuku, Hawaii

Mr. Chairman and Members of the Subcommittee,

Thank you for allowing me to submit testimony on behalf of the Center for Tropical and Subtropical Aquaculture, or CTSA. I am Linden Burzell, Vice President and General Manager of Amorient Aquafarm Incorporated in Kahuku, Hawaii. I have also had the privilege of serving as chairman of the Center's Industry Advisory Council for the past seven years.

As a businessman and scientist, I appreciate the Center's distinct role as a link uniting industry and research to work toward the common goal of developing an economically sound tropical and subtropical aquaculture industry.

The Center's recognition of the need to integrate industry priorities and scientific research ensures that its program directly serves commercial producers.

Each year, total U.S. seafood imports far outweigh U.S. seafood exports -- and the shrimp market is no exception. In 1992, U.S. imports of shrimp rose 10 percent to 595 million pounds with a value of $2 billion. In the first half of 1993, shrimp imports rose another 4 percent from a year earlier. However, during the same period, U.S. shrimp exports totaled 15.7 million pounds -- only 2 percent of imports. Thus shrimp producers see an enormous potential for expanding their markets -- both domestically and abroad.

As the aquaculture industry grows, it will not only provide a reliable, safe source of high quality protein for the American diet, but it will also create new jobs and generate tax revenues, thereby strengthening the economy. However, like any fledgling industry, aquaculture requires support and nurture to develop to its full potential.

During my tenure as chairman of the Industry Advisory Council, the Center has provided that vital support. Commercial producers are asked to define industry problems, and then the region's scientific expertise is tapped to conduct research that will solve those problems. The solutions have been arrived at via various routes, including education, training, technology transfer, addressing disease issues and government regulations, marketing and economics, and revitalizing or initiating aquaculture activity throughout the Pacific. Of primary importance, each route was mapped out in direct response to an industry need.

Although the Center's research projects have been underway for only one to six years, commercial producers in the region and throughout the nation have already reaped enormous benefits.

As a shrimp producer, I have directly benefitted from a Center-funded project to identify and test drugs for treating diseases in shrimp hatcheries. As a result of the project, the Food and Drug Administration approved a Washington state chemical firm to market Formalin for use in shrimp nursery and grow-out systems. This is the FDA's first approval of a compound for shrimp culture and will offer the domestic shrimp industry a competitive advantage against foreign shrimp growers, who do not face stiff regulation of drug use. This project provided a cost benefit of $10 for each $1 of funding.

A project to study aquaculture effluent discharge -- regulation of which poses a major obstacle to industry development -- established a base of knowledge regarding effluent characteristics and potential environmental impacts in Hawaii. Now all five Regional Aquaculture Centers have united in a joint effort to improve the permitting process for aquaculture effluent discharge.

A project titled "Pacific Regional Aquaculture Information Service for Education" ensures that even those in the most remote locations will have easy, inexpensive access to the latest scientific information on aquaculture. During the period from September 1, 1992, through September 1, 1993, users performed more than 6,500 database searches that would have cost more than $330,000 through a commercial service. The project provided a cost benefit of $20 for each $1 of Center funding.

Such progress in so short a time clearly illustrates that the Regional Aquaculture Centers' unique approach of spotlighting industry concerns offers rapid, effective results. The investment in the regional aquaculture centers has yielded high returns thus far and will continue to do so. Expanding the funding capabilities of the Centers would afford even greater results. I therefore request that you approve the authorized full funding of $7.5 million for the Regional Aquaculture Centers program.

Thank you again for the opportunity to testify before you.

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Testimony before the
Agriculture, Rural Development, Food and Drug Administration and Related
Agencies Subcommittee on Appropriations
1994
concerning the
Center for Tropical and Subtropical Aquaculture

Written Statement by
Richard Croft
Pohnpei Natural Products

Mr. Chairman and Members of the Subcommittee,

My name is Richard Croft. I own Pohnpei Natural Products, located in Pohnpei, Federated States of Micronesia. I am also Vice Chairman of the Industry Advisory Council for the Center for Tropical and Subtropical Aquaculture. Thank you for the opportunity to submit this testimony in support of the Center.

As a businessman, I support the Regional Aquaculture Centers' ability to make a substantial contribution to the nation's economy. As a resident of a U.S.-Affiliated Pacific Island nation, I appreciate the Center for Tropical and Subtropical Aquaculture's assistance with broadening our narrowly based economies.

The Regional Aquaculture Center program allocates resources to developing and improving domestic aquaculture, which will provide higher quality, lower cost seafood products. This is foresighted as a lack of investment in aquaculture, combined with a growing world population and declining stocks of wild species, could lead to higher prices and increased dependence on imported fishery products.

As a commercial aquaculture farmer, I have a vested interest in CTSA's success. In an attempt to broaden the Federated States of Micronesia's economic base and provide new opportunities for its citizens, the FSM is pursuing new industries. The FSM government and the territorial governments of other Pacific Island nations have rated aquaculture as a high priority for several reasons. Aquaculture has the potential to aid economic development by providing a continuing enterprise, to increase employment opportunities, to improve nutrition among Pacific Islanders and to offer the potential for a significant export product.

Hawaii and the Pacific Basin have extensive resources: the environment, abundant pristine seawater and climates that permit year-round culture of valuable aquatic species. Furthermore, extensive research and practical expertise in aquaculture are available through universities, private institutions and commercial producers.

Although aquaculture offers vast potential and governments in the region are pinning much hope to it, the industry can only flourish if it receives meaningful support. The Center for Tropical and Subtropical Aquaculture extends that integral sustenance. By sponsoring projects that focus directly on industry problems, The Center for Tropical and Subtropical Aquaculture links the region's considerable resources to make the dream of a viable aquaculture industry become a reality.

I sincerely hope that the Center's endeavors and accomplishments will both endure and grow in the coming years. I urge members of the committee to vote to fund the Regional Aquaculture Centers at the fully authorized appropriation level of $7.5 million.

NORTHEASTERN REGIONAL AQUACULTURE CENTER

Dr. Victor J. Mancebo, Executive Director, NRAC
Gary Arnold
Dr. Thomas A. Hopkins, President, Biometrics Incorporated
Robert B. Rheault, President, Spatco, Ltd.
Fern Wilder, Hy-On-A-Hill Trout Hatchery

Testimony Before

THE HOUSE SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, and RELATED AGENCIES

1994

concerning

SUPPORT FOR THE REGIONAL AQUACULTURE CENTERS

written statement by

Dr. Victor J. Mancebo, Director
Northeastern Regional Aquaculture Center
University of Massachusetts Dartmouth
North Dartmouth, Massachusetts 02747

Mr. Chairman and members of the Subcommittee: Thank you for the opportunity to speak on behalf of the Regional Aquaculture Centers. I am the Director of the Northeastern Regional Aquaculture Center (NRAC) which is located in the State of Massachusetts at the University of Massachusetts Dartmouth and serves the aquaculture industry in the States of Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Vermont, West Virginia and the District of Columbia.

The mandate from the U.S. Congress in establishing the five Regional Aquaculture Centers under the leadership of the U.S. Department of Agriculture was to administer funds for aquaculture research, development, demonstration and extension education with the goal of enhancing viable and profitable commercial aquaculture in the United States. The Regional Aquaculture Center programs are intended to benefit aquaculture producers, consumers, suppliers and the American economy. The motivation in 1985 when the Centers were established was to help a new and emerging agricultural growth industry become more competitive and help eliminate the gap between U.S. consumer demand and supply for quality seafood. Generally, the per capita consumption of seafood in the U.S. has increased while the natural fishery catches are perceived by many to have reached levels of maximum sustainable yield. To satisfy the demand for seafood products in the U.S. has required an escalating importation of seafood products. Presently the U.S. imports some $9 billion per year of fisheries products. This is the largest contributor to the U.S. trade deficit among agricultural products, and the second largest, after petroleum among all natural resources products. In 1989 these imports resulted in a $4.9 billion trade deficit for all fisheries products and $3.1 billion for edible fish and shellfish. It is now estimated that foreign-grown aquaculture products constitute some $800 million of our fisheries imports.

The population is clearly increasing, and the supply of seafood will be increasing in the upcoming years and decades. Aquaculture can clearly expand and help provide the quality seafood which is and will be in demand both in the U.S. and abroad. The aquaculture industry has demonstrated the capacity to grow. U.S. aquaculture production more than quadrupled in the 1980s - an average growth of about 32% per year. The farm gate value of aquaculture products reached an estimated $760 million in 1990. Of extreme importance is the estimated 300,000 full-time jobs coming from the industry. This growth capacity is still inherent in the industry and with continuing support the industry can make significant contributions and continue growing into the next century. By contributing to a well-run network of Regional Aquaculture Centers the U.S. Government is contributing to the economic well being of its country by encouraging the domestic production of quality seafood thereby lowering our trade deficit and providing new jobs in the private sector.

The Centers achieve their goals by taking advantage of the best aquaculture science, education skills and facilities available in their regions. These are combined in cooperative efforts with the private and commercial sectors of the Aquaculture industry. The cooperative efforts have been highly successful. At NRAC we are currently funding 20 projects. These projects represent a combined effort involving 30 major Universities and Institutions working along with a private sector component of 28 corporations and private growers. The ability of the Regional Aquaculture Centers to bring the aquaculture industry and research communities together in collaborative working arrangements is one of the outstanding successes of the program. NRAC meets with representatives of all State Aquaculture Associations in the Northeastern Region in sit down sessions where research priorities are established by industry representatives themselves. Priorities are then coursed through the NRAC system where a 24 member Council composed of equal numbers of researchers, extension agents and industry representatives mold the priorities into workable units which are then released for proposal development and funding. Through every step of the process, including ongoing studies, industry is involved with the NRAC process. The Regional Center programs are designed in this uniquely innovative fashion to ensure that the valuable dollars allocated to the program are used in a manner which is always beneficial to the aquaculture industry.

NRAC is now in its sixth year and funded projects are showing impacts on the aquaculture industry. Using the cooperative approach to solving problems which are identified and prioritized by industry, NRAC projects are working towards developing genetically superior crops, improving nutrition and lowering the cost of feeds, understanding marketing and economic issues, profiling consumer preferences for seafood, helping clarify regional state and federal regulations which directly impact the aquaculture industry, developing means of detecting pathogens present in fish without damaging the specimen, gaining information on oysters so as to help understand perplexing and unexplained massive mortalities in juvenile stages, investigating the phenomenon of stray voltage as a possible inducer of stress and mortalities in trout hatcheries, and developing a captive, domesticated strain of striped bass to eliminate the need for bringing spawners in from the wild.

NRAC funded researchers have now completed 12 major projects. Reports are coming in which are being, or will be, disseminated throughout the Northeast research and industry communities as well as nationally through the other Regional Aquaculture Centers. Completed projects include a major project on the genetic improvement of oysters for resistance to MSX disease, an analysis of the economics and marketing of farmed finfish, attempts at genetic manipulation of oysters through manipulation of chromosome numbers, genetic manipulation and sex control in striped bass, an extension networking program to help the viability of the industry and the networking capability of the regional extension agents, written clarification of state and federal regulations directly impacting the aquaculture industry in the Northeast, non-lethal methods of detecting pathogens in fish, and a better understanding of fish nutrition and development of lower cost feeds using alternative, non-traditional ingredients.

The MSX disease resistant oyster project, one of the earliest funded projects of NRAC, was to develop and make available to the oyster cultivation industry strains of the American oyster which were resistant to, or showed improved growth and survival when affected by, the parasitic oyster disease known as MSX. The MSX disease has had a profound effect on the oyster growing industry in the Northeastern United States. From a high of 90 million pounds in the 1930's the production of oysters in the U.S. has declined by roughly 60% with most of the losses suffered in the Northeast region. Initial results indicated that MSX-resistant oyster strains developed by Rutgers University, the lead institution, grew and survived significantly better than local strains in areas affected by MSX. Secondary infections of an unrelated oyster disease (Dermo) subsequently decreased the effectiveness of the MSX-resistant strains: the results were so promising, however, that industry interests remain strong and a follow-up 5-

year study is underway studying the oysters through commercial field trials using established oyster growers.

In the NRAC funded nutrition project researchers at the University of Maine and the Center for Applied Regional Studies in Boston, MA have preliminary results which indicate the feasibility of incorporating a fish processing waste product (dogfish wastes) into Atlantic Salmon diets. This work could result in lower cost feeds to the industry as well as alleviate a waste disposal problem for local dogfish processors.

Mr. Chairman, I sincerely hope that this testimony provides you with information concerning the relevance and need for the Regional Aquaculture Centers. We have appreciated your support over the past 6 years and are now respectfully requesting that the annual funding for this important and relevant program be brought up to the authorized level of $7.5 million so that the program can continue with its ongoing work as well as increase its scope to further hasten the development of this job creating, food production industry.

Mr. Chairman and members of the Subcommittee, thank you for your continuing support of the Regional Aquaculture Center Program and for the opportunity to submit this testimony.

Testimony Before

THE HOUSE SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION AND RELATED AGENCIES
1994

concerning

SUPPORT FOR THE REGIONAL AQUACULTURE CENTERS

written statement by

Gary Arnold
RR #3, Box 97A
Surry, ME 04684

Mr. Chairman and members of the Subcommittee: Thank you for opportunity to speak on behalf of the Regional Aquaculture Centers. I am a past president of the Maine Aquaculture Association and participated in development and start-up of aquaculture operations producing Atlantic salmon and steelhead trout. I also provide aquaculture advisory services.

Having served as a member of the Technical/Industrial Advisory Council for the Northeastern Regional Aquaculture Center, I provide a *producer perspective* on the Regional Aquaculture Center (RAC) program.

The RAC structure is perceived as a mechanism to efficiently link industry participants to state and federal research capacity. Center operations target collecting, understanding, and responding to industry needs. The concept developed by those formulating enacting legislation, was meant to create a new, uncluttered line of communication and rapid-response capability.

The Centers have become prominent locations for collecting and prioritizing industry needs in order to match resources and research expertise. If a need can be handled with Center resources fine, but a unique element of the RAC program is direct linkage into USDA offices. The RAC program is overseen by the Aquaculture Coordinator of the Office of Aquaculture, based in Washington DC, which coordinates aquaculture programs in several divisions of the USDA. Problems beyond Center capabilities can be advanced alone or aggregated with those from other regions, and brought to the attention of persons in offices with appropriate programs and resources.

The Aquaculture Coordinator also serves as the Chairman of the Joint Subcommittee on Aquaculture. Thus further advantage of the RAC structure is the opportunity for conveying industry needs across agency boundaries into other departments with major responsibility in aquaculture and fisheries.

The program, since inception, was intended to strengthen linkage between industry and government and streamline the process for accessing government resources and capabilities. Sponsoring legislators recognized the industry's importance and it's geographic diversity. They also benefited from observing evolution of some cumbersome programs supporting traditional agriculture.

Though underfunded since establishment, the Centers succeeded in connecting with key production segments of the industry. Progress reports for all Centers, not just the Northeastern Regional Aquaculture Center, show results from generating true industry-driven research. Connection between Regional Centers and USDA-Washington is well established. Coordination among USDA aquaculture programs is improved. The JSA meets on a regular basis and the various federal agencies involved in aquaculture are developing strategic plans to compliment the one formulated in USDA.

The Regional Aquaculture Centers are poised to become the industry's primary communications conduit; an avenue for technology transfer and route for receiving/distributing industry input at the federal level. The program needs to be funded at the full operational levels requested.

The challenge at hand is not just to expand and support aquaculture production but to stimulate and service diverse industry segments such as those involved in municipal wastewater treatment, groundwater protection, integrated agricultural production, sustainable farming, reclamation of mined land, and bioremediation. Mr. Chairman and members of the Subcommittee, I thank you for past support and recognition of the national and international importance of this expanding industry. To develop an economically viable, environmentally sound, competitive domestic aquaculture industry, industry participants must benefit fully and quickly from advances in technology and access to federal support programs.

The RAC structure is an innovative and progressive method for linking industry and government to advantage. Please act to increase funding to $7.5 million, the authorized amount when this industry was on half it's current size.

Thank you for the opportunity to submit testimony.

Testimony Before

THE HOUSE SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION AND RELATED AGENCIES
1994

concerning

SUPPORT FOR THE REGIONAL AQUACULTURE CENTERS

written statement by

Dr. Thomas A. Hopkins, President
Biometrics Incorporated
P.O. Box 129
Boyds, MD 20841-0129

Mr. Chairman and members of the Subcommittee: Thank you for the opportunity to testify on the behalf of the USDA Regional Aquaculture Centers. I am President of Biometrics Incorporated and the Maryland Aquaculture Association, Inc. and I am writing at this time to urge your continued support of the USDA Regional Aquaculture Center program and the Northeastern Regional Aquaculture Center, in particular.

I have been a significant participant in the development of this program over the past five years and am happy to report to you that the program has become an essential contributor to the success and future of the aquaculture industry in the United States.

As I am sure you are aware, aquaculture is the fastest growing element of the agriculture industry. Production must increase nearly tenfold over the next thirty years to satisfy demand. The trade deficit in this component of natural products is nearly $5 billion annually, second only to oil.

As this is an important industry in its growth phase there are some special needs we face. I wish to relate the elements of the program that has a significant positive influence on the aquaculture industry in my region, the northeast.

1. Programs, including research, are focused on short-term benefits to the industry. The Northeastern Regional Aquaculture Center has, in fact, become increasingly sensitive to the needs of the industry and has promoted means for assuring that status.

2. The Northeastern Regional Aquaculture Center has made significant and effective efforts to improve communication within the industry and the aquaculture community at large. Soon a computer-based network will serve the industry in the northeastern region due to their support.

3. An assessment of the state of the industry, including its economic impact has recently been published.

4. Improved effectiveness of federal and state-supported extension services has been another focus of the Center's efforts.

5. Significant progress toward domestication of striped bass, an important species for culture, as well as to the environment, has been supported by the Northeastern Center. In addition, the Center has supported development of dietary components for this species.

6. Recently significant progress has been made toward the off-season spawning of the striped bass -- a very significant advance toward the success of this industry.

7. Improvement in regulatory constraints, a major industry concern, is the focus of Center supported activities.

8. A better understanding of the industry's compatibility with the environment, particularly regarding discharge, has been yet another activity supported by the Northeastern Center.

We appreciate your support of this program. We urge that you consider that the Regional Aquaculture Center program funding be increased to the authorized $7.5 million.

Mr. Chairman and members of the subcommittee, thank you for your continued support of this program which has such relevance to the success and future of the industry.

Testimony Before

THE HOUSE SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION AND RELATED AGENCIES

1994

concerning

SUPPORT FOR THE REGIONAL AQUACULTURE CENTERS

written statement by

Robert B. Rheault
President, Spatco, Ltd.
1121 Mooresfield Road
Narragansett, RI 02882

Mr. Chairman and members of the Subcommittee, I am honored to have the opportunity to speak on behalf of the Regional Aquaculture Centers. As the President of the Ocean State Aquaculture Association and an oyster farmer, I am writing to urge your continued support for the U.S. Department of Agriculture's Regional Aquaculture Centers.

I have been involved with the Northeast Regional Aquaculture Center in one form or another since its inception. I participated peripherally during the early years of NRAC's development as the center struggled through the difficult and unavoidable process of developing innovative approaches to prioritizing and funding research. Over the past year I have served on NRAC's Technical/Industrial Advisory Council. I feel confident that NRAC has now matured to a point where the structural and administrative hurdles have been cleared and we can now get down to the real task of funding quality research and extension projects.

While I recognize the difficulty in getting new appropriations in the current fiscal climate, I feel it is time for the USDA to fully fund the RACs and release the full amount allocated for the Centers. We have established a functional framework for prioritizing research objectives, identifying top researchers, and disbursing funds in a responsible and effective manner. We have organized a massive volunteer effort by research, extension and industry advisors to administrate a relatively small budget. Our industry needs the USDA's full support, and the NRAC is in a position to be able to ensure that these funds are well spent.

Aquaculture production in the U.S. has been growing at 20% per year since 1980. At the same time the U.S. ranks tenth among nations in aquaculture production and our rank slips every year. Imported fishery products are responsible for a substantial portion of our trade deficit. If the U.S. has any hope of retaining a leadership role in aquaculture production, it lies in solving some of the technological problems that impede the growth of our industry. The Regional Aquaculture Centers play a critical role in surmounting these barriers. In the northeast region NRAC has supported several projects that have benefited the aquaculture industry. Please allow me to enumerate some of NRAC's best success stories.

- Research has led to development of genetic strains of disease resistant oysters that hold the potential to revive the once great oyster industry of the Chesapeake Delaware region. These strains are now being distributed to growers throughout the region.

- Management techniques have been developed to minimize the impact of a devastating new oyster disease that threatens the entire New England area. Researchers are attempting to identify the causative agent in the hopes of finding a cure.

- NRAC has recently published a regional *Situation and Outlook Report*, a valuable tool in identifying trends and demonstrating the economic impact of our industry.
- Several projects have been developed to strengthen our Extension Services and improve the dissemination of important information to our industry.
- Research has led to non-lethal, rapid and less expensive methods for the detection of fish disease allowing disease inspection of valuable broodstock animals.
- Research on the domestication of striped bass is leading to the development of reliable on-demand spawning induction methods.
- Several projects are working towards improving diets for various species and life stages of fish. Understanding the nutritional requirements is vital to improving artificial feeds and should lead to better yields and improved profitability for many producers.
- One of the best results of NRAC's work has been increased communication and interaction among the various players in the aquaculture community. By bringing together people from industry, extension and academic backgrounds NRAC has improved the ways in which research priorities are identified and projects are developed to solve our problems.

Our industry is grateful for your support of the Regional Aquaculture Centers and we value the research efforts that these funds enable. We feel it would be appropriate at this time for you to consider increasing the funding of these centers up to the full authorized amount of $7.5 million. We have identified twelve research priorities for the next funding cycle and I fear that we will not be able to adequately fund all of the quality proposals that we anticipate receiving if our budget is not substantially increased. Considering the growth rate of the aquaculture industry and the problems our wild-harvest fishery is facing, now is the time to recognize the importance of the Regional Aquaculture Center program.

Mr. Chairman and members of the Subcommittee, thank you for your support and for the opportunity to submit this testimony.

Testimony Before

THE HOUSE SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION AND RELATED AGENCIES
1994

concerning

SUPPORT FOR THE REGIONAL AQUACULTURE CENTERS

written statement by

Fern Wilder
Hy-On-A-Hill Trout Hatchery
P.O. Box 308
Plainfield, NH 03781

Mr. Chairman and members of the Subcommittee: Thank you for the opportunity to speak on behalf of the Regional Aquaculture Centers. My husband and I own Hy-On-A Hill Trout Hatchery which our family has managed for over 20 years, raising brook and rainbow trout for stocking purposes. I am writing at this time to encourage your continuing support for the U.S. Department of Agriculture's Regional Aquaculture Centers.

Being a current member of the Technical/Industrial Advisory Committee for the Northeastern Regional Aquaculture Center, I am well aware of the program's effectiveness and contributions to the Aquaculture industry in our region. Some of the benefits that have been derived from recent NRAC funded research are as follows.

1. Categorized information concerning existing laws and regulations for aquaculture will be made available for wide distribution through electronic mail. Recommendations have been developed for changes in the legal framework so that policymakers can understand the legal and operational needs of aquaculture operators in order to make more informed decisions concerning aquaculture ventures.

2. Nutritional research has determined that certain supplemental components improve growth and survival in bass. Examination of hydrolyzed fish processing wastes as salmon feed ingredients has revealed varying degrees of palatability of different forms of ingredients. If commercialized, this finding may have a direct impact of lower feed costs for the salmon net-pen industry.

3. MSX-disease resistant strains of oysters have been developed which are expected to increase survival, growth, market value and MSX incidence in the American Oyster.

4. The recent development of non- lethal sampling methods for detecting fish pathogens for fish health inspections will reduce the heretofore forfeiture of live products.

5. A consumer survey to assess perceptions and attitudes toward seafood quality and safety was developed. Marketing strategies to better position seafood products and to increase niche market profitability for both restaurant and at-home consumption have been explored. Super-chilled aquaculture products to extend shelf-life and quality were examined. The development of a directory of value-added aquaculture product ideas for species cultured in the Northeast is in progress.

6. Nine different cohorts of striped bass have been cultivated and evaluated to be able to identify a basis of one or more lines for domestication, vital to the full development of striped bass and striped bass hybrid culture.

7. The recently published " Northeast Region Aquaculture Industry Situation and Outlook Report" has identified (1) an estimate of private aquaculture production and value for the region, (2) future opportunities and current problems facing the industry, and (3) priority research directions based on industry need. This report can be used to identify the current status and trends in the industry and in setting research priorities by industry participants, extension personnel, legislators, policymakers, researchers, and potential investors.

8. The newsletter," Northeastern Aquaculture," provides a forum for NRAC information useful to industry, and is distributed to over 3,000 recipients, mostly in the northeast but also in other states and foreign countries. Better informed people result in better communication and cooperation.

9. An outgoing project to develop a regional aquaculture extension network will enhance the transfer of useful information and provide a link between industry and the research community.

10. Current exploration for a computer communication system is expected to create the capability for networking industry, education and research groups without extensive equipment or training providing an impact on the profitability of the industry.

11. The stray (neutral-to-earth) voltage project has identified a unique problem to aquaculture that could have extensive ramifications for aquaculture. Where stray voltage exists, massive fish mortalities can be prevented by electrical monitoring and modification of electrical grounding, thus benefiting the aquaculture industry by increasing production and efficiency.

Today, aquaculture has become the fastest growing segment of agriculture in the country and is poised to become a major growth industry of the 21st century. With global seafood demand projected to increase 70 percent by 2025, and harvests from capture fisheries stable or declining, aquaculture would have to increase production by 700 percent, a total of 77 million metric tons annually, to meet projected demand. Since 1960, per capita consumption of aquatic foods in the United States has increased by 49% and is projected to double by the year 2020.

The United States imports more than 59% of its seafood. This dependence on imports adversely affects the United States trade balance and contributes to the uncertainty of supplies and product quality. Aquaculture production in the United States lags behind world standards and currently accounts for the less than 9% of United States seafood production, compared to the world average of 16%. In 1990, the United States ranked only tenth in the world in aquaculture production based on total value of products.

We want to thank you for your past support of this program, and will appreciate continued support. We request that an appropriation increase to the authorized level of $ 7.5 million be allocated for the next budget year. Federal efforts are critical to nurture aquaculture development in order to keep pace with the needs of the industry. Without federal appropriations, much of the research for new ideas and new findings for increased efficiencies and production would not be possible.

Thank you for the opportunity to submit our testimony.

Testimony before the Agriculture, Rural Development, Food and Drug Administration and Related Agencies Subcommittee on Appropriations

concerning

Support for Regional Aquaculture Centers

Written Statement by

Kenneth K. Chew, Director
Western Regional Aquaculture Center
Unviersity of Washington
School of Fisheries

March 1994

Mr. Chairman and Members of the Subcommittee: I wise to speak on behalf of the Western Regional Aquaculture Center (WRAC), one of the five regional aquaculture centers designated through the U.S. Department of Agriculture to encourage cooperation and collaborative research and extension programs that would assist the aquaculture industry. These efforts have regional and national implications in light of the growing acceptance and increasing consumption of seafoods. As Director of the WRAC Administrative Office, for the past seven years I have seen a growing interest in aquatic animal and plant culture and marketing by all sectors of the aquaculture community. All twelve states in the western region provide input on what is needed to encourage the development of this critical area of aquatic husbandry under this USDA program. Many governmental, state, and local agencies as well as industry people are working together to develop consensus of needs to encourage and promote aquaculture research and extension for the western region. This joint approach has been the key for successful projects developed and crossed over into several states, addressing regional problems that serve as an impediment and/or constraint to the production of aquatic products. The industry's input is critical, and coupled with a well structured technical committee of WRAC, makes this program innovative and has already resulted in a clear assistance to the development of aquaculture for our region through the development of solutions and extension workshops to clarify problems to the growers of aquaculture products.

Looking ahead into the next century and beyond, we can expect consumption of fish and shellfish products in the United States to continue to rise. Thus it is no secret that in order to meet these demands more seafood products need to be imported from outside our country. Further, it is known that because of these demands, it has created a substantial trade deficit in the United States. Most developing countries abroad are moving at a very fast pace and encouraging aquatic animal and plant husbandry and, in some cases, with government financial support and incentives. The establishment of the five Regional Aquaculture Centers by Congress provided greatly needed support for research and extension in aquaculture which before had been largely overlooked. It is no secret that the availability of wild stocks is level or declining, and aquaculture now must be encouraged to pick up the slack to increase seafood production for the growing populations of the United States and elsewhere.

The five home office directors for the Regional Aquaculture Centers are in regular communication with each other and meet at least twice a year to exchange ideas and regional needs. These directors constitute the National Coordinating Council, and encourage a close working relationship on projects that might cross regional boundaries involving two or more regions.

Continued support of the five Regional Aquaculture Centers is critical to the development of aquaculture in the United States. Significant aquaculture activities and growth in the United States is expected to continue each year because of the demand for seafood products. Thus, much of the research and extension activities associated with the regional centers will have very broad and supportive implications to the nation and its economy.

Mr. Chairman and Members of the Subcommittee, I urge you to support funding for the five Regional Aquaculture Centers to the full authorized level of $7.5 million. Thank you for giving me the opportunity to provide this testimony.

Testimony before the Agriculture, Rural Development, Food and Drug Administration and Related Agencies Subcommittee on Appropriations

concerning

Support for Regional Aquaculture Centers

written statement by

Kenneth E. Beer
The Fishery, Inc.
Galt, California

March 1994

My name is Kenneth Beer. I am president and principle shareholder of The Fishery, Inc., a fish hatchery and farm producing white sturgeon, striped bass, and channel catfish. I am past president of the California Aquaculture Association and have served on the advisory boards of the West Coast Aquaculture Foundation, Sea Grant Advisory Committee, and California Farm Bureau Aquaculture Commodity Group. I presently serve on the Industry Advisory Council for the Western Regional Aquaculture Center (WRAC) and am testifying in support of the Regional Aquaculture Center Program.

We have been in business for 18 years. When we started in the mid-70's, channel catfish culture was a new industry, striped bass fingerling culture was conducted by a handful of state and federal hatcheries, and white sturgeon had never been reared. Now over 400 million pounds of catfish are grown each year, and several million pounds of sturgeon and striped bass are grown in California.

Our involvement with white sturgeon was directly related to university research which demonstrated the techniques required to spawn wild broodstock. Today, with assistance from WRAC funding, we are spawning the first generation of 10 year old domestic broodstock. The advances in striped bass culture have occurred due to major research efforts conducted to support both government and commercial hatcheries. I mention these species because I am most familiar with them, but it applies to many other species as well. The aquaculture industry is so new that relatively small amounts of money spent on research can easily create new industries, new products, and new technologies.

The Western Regional Aquaculture Center, one of five Regional Aquaculture Centers, has demonstrated its success in coordinating cooperation between many states, institutions, and a diverse industry. Research conducted to date has benefited many sectors of commercial aquaculture. Particularly beneficial is the interchange between researchers and industry over a wide geographic area. We have found that severe problems in some areas are much less so in others, providing clues in and of itself to potential solutions. The collaborative nature of the research has also brought diverse viewpoints and strategies together. This mechanism has proven to be a valid approach for channeling aquaculture research.

Choices in spending public funds will always be difficult. In government, just as in business however, you must spend money to make money. The potential returns from aquaculture research are enormous. Imports of fish and fish products are second to petroleum in natural resource imports. With the United States water resources, this is criminal. The public is clamoring for fresher, healthier, purer food products, and it won't get them unless the United States develops an industry to produce them.

There are no government subsidies for producing (or not producing) fish. If you're in the aquaculture business you sink or swim by your ability to grow and sell your product. This is how it should be. The industry, however, is desperate for knowledge. Which of the thousands of aquatic species are candidates for commercial aquaculture (remember 10 years ago sturgeon was unknown to U.S. fish farmers)? How can they be grown and sold? These questions are appropriate research questions that are best answered by a collaboration between industry and the research community. This is what WRAC has provided for us on the west coast. Mr. Chairman and Members of the Subcommittee, I urge that the existing five Regional Aquaculture Centers be funded at their fully authorized level of $7.5 million.

Thank you for giving me the opportunity to submit this testimony.

Testimony before

The Agriculture, Rural Development, Food and Drug Administration and Related Agencies Subcommittee on Appropriations

concerning

Support for the Regional Aquaculture Centers

written statement by

Mr. Christian Nelson
Nelson & Sons, Inc./Silver Cup Fish Feed
118 West 4800 South
Murray, UT 84107

March 1994

Mr. Chairman and Members of the Subcommittee: My name is Christian Nelson. I am Vice President of Research, Silver Cup Fish Feeds, a sole manufacturer of fish feeds since 1957. I am a sitting member of the board of the United States Trout Farmers Association. I am a sitting member of the board of the Utah Aquaculture Association. I am also a member of the Industry Advisory Council for the Western Regional Aquaculture Center.

I have been active professionally in the field of fish feeds and fish nutrition for 14 years and have traveled extensively throughout the United States and the world. During this time I have seen many problems and some solutions to issues that face my industry. More and more I have seen the problems to many and the solutions to few. One bright light that I have seen though, has been research partially funded through Regional Aquaculture Centers that has allowed different researchers to band together to solve problems that have been insurmountable in the past. There is right now a nation-wide waste water management initiative. The glue that holds this initiative together is funding from the Regional Aquaculture Centers.

I realize that the budget deficit must be reduced, but an investment in the growing aquaculture industry will increase jobs, increase federal revenue, and reduce the trade deficit many times over the investment. Therefore I strongly urge you to support funding for the Regional Aquaculture Centers at the full authorized level of $7.5 million.

Thank you for the opportunity to provide this testimony and I urge your support of this very critical appropriation.

AMERICAN ASSOCIATION OF STATE COLLEGES OF AGRICULTURE AND RENEWABLE RESOURCES (AASCARR)

WITNESS

DR. ANSON ELLIOTT, CHAIRMAN, DEPARTMENT OF AGRICULTURE, SOUTHWEST MISSOURI STATE UNIVERSITY

Mr. DURBIN. Dr. Anson Elliott. Hello again. We have your testimony and it will be put in the record and brevity really is rewarded by this panel, if that is any incentive.

Mr. ELLIOTT. Thank you. Mr. Chairman, it is a distinct honor to be here this evening and appear before you. I am Anson Elliott and I am department head of agriculture at Southwest Missouri State, and I presently serve as President of the Agriculture Administrators in the nonland grant universities which goes by the name of—or the acronym of AASCARR, and so we represent about 60 universities and we produce about 25 percent of the undergraduates in agriculture.

While we are very involved with public service and applied research, our main thrust then is providing BS degrees to individuals in agriculture.

I am here to tell you that we are very supportive of the President's budget request for higher education in USDA, with the exception of the amount on the challenge grants. In the past it has been funded at $1.5 million and we are urging for an increase of that, as we have told you in private before.

The challenge grants have had a real history of success and in the record then there is several illustrations of that. We had at Texas Tech with the ag communications curriculum, that involves many of the things we know are so important today as we try to communicate the story of agriculture and renewable resources.

Others have been—the Kentucky grant has an enhancement of undergraduate programs for the environmental concepts, and that is another real interesting project that involved the land grant institution as well as all the non-land grants joined together with that important topic.

The San Luis Obispo one had to do with global sustainability in agriculture, another curriculum innovation that could be transferred to many institutions across the country, and there is a whole list of others.

I might tell you that in 1990 when this program began, there were 200 proposals and only 20 could be funded, so that is 10 percent. The discouragement rate has set in and so there has been fewer than that that has been received each year. Last year—or this year about 115. Still about 20 being funded. So that is—it is an excellent value.

Besides each of the program's funding—matching in these funds, and most of them are about in the $50,000 range, they are selected on the basis that they will be networked across many institutions across the country, and they will be leveraged then in an impact way in topics that involve many—they don't—they are not local in scope in their purpose.

So we have joined—the AASCARR institutions have joined with the land grant—the academic program deans and we are both in agreement, which this group will serve at least 95 percent of all the undergraduates in agriculture, getting degrees in agriculture. We would urge the increase of this $1.5 and we are saying that we could certainly use a $5 million budget in trying to make an impact, a bigger impact in this critical issue of agricultural education.

Thank you.

Mr. DURBIN. Thank you very much, Dr. Elliott. We met earlier today and had a nice discussion about the challenge grants and how important they are to the colleges and universities, and I will be sharing that conversation and your testimony with the other Members of the subcommittee.

Mr. Skeen.

Mr. SKEEN. Thank you for your appearance, Dr. Elliott. We appreciate the work that you are doing and thank you.

Mr. ELLIOTT. Thank you, so much.

[The information follows:]

aascu

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Testimony

to the
Agriculture, Rural Development,
Food and Drug Administration
and Related Agencies

given by
Dr. Anson Elliott
Chairman, Department of Agriculture
Southwest Missouri State University

on behalf of
American Association of State Colleges of Agriculture
and Renewable Resources
American Association of State Colleges and Universities

March 1, 1994
Washington, DC

Mr. Chairman, members of the committee, it is an honor to appear before you today on behalf of the American Association of State Colleges and Universities (AASCU) which represents over 375 public colleges and universities across the nation. I am Anson Elliott, President of the American Association of State Colleges of Agriculture and Renewable Resources (AASCARR), an affiliate of AASCU, and Chairman of the Department of Agriculture at Southwest Missouri State University. AASCARR represents 60 public institutions which offer baccalaureate degrees in the food, agricultural and natural sciences, and annually graduates 25 percent of the undergraduate degrees in agriculture awarded in the United States. AASCU's Rural Mission Focus group is comprised of 165 rural colleges and universities. These institutions are committed to teaching, service and research in support of their respective regions. AASCU, AASCARR and the Rural Mission Focus group are united in their commitment to rural revitalization and are actively working together to address the concerns of rural America.

My remarks today will focus on the importance of funding programs in agriculture education and rural development.

The American food and agriculture system is the world's largest industry. Assets exceed one trillion dollars and account for over 16% of the GNP. It's size and competitive position in the world economy is due to the ability of the American work force to master scientific knowledge in place of natural resources and untrained labor. Colleges and universities have played a key role in the food and agriculture industry's transition from an economy based on raw material to one reliant on strong technical skills and analytical thinking. By working closely with the USDA, the agriculture schools of colleges and universities have enabled the United States to maintain its competitive edge.

To maintain this position and to meet the nation's needs, it is imperative that colleges and universities continue to review and revitalize the undergraduate curriculum, develop strong links with business and industry, update laboratories and equipment, attract and retain minority and non-traditional students, and have access to current technology.

AASCU and AASCARR support the President's budget request for Higher Education Programs at USDA, with the exception of the amount requested for the Institutional Challenge Grant program, which is currently funded at $1.5 million. We recommend an increase of $3.5 million for a total of $5 million for FY 95.

In 1993, 110 grant applications were submitted for the Institutional Challenge grant program. Unfortunately, funds were available to support only 23 grants. Increased funding for challenge grants will greatly enhance the educational capacity needed to ensure that students are prepared to meet the technical demands of a global economy and the 21st century.

The goal of the Institutional Challenge Grants program is to stimulate and enable colleges and universities to provide the quality of education necessary to produce graduates capable of strengthening the nation's food and agricultural scientific and professional work force. The projects are designed to: address a regional, state, national, or international educational need, involve an innovative approach that addresses a need as well as serving as a model to others, encourage and facilitate better working relationships in the university science and education community as well as between universities and the private sector, to enhance program quality and supplement additional resources and result in benefits which will likely transcend project duration and USDA support.

The Challenge Grants program has a history of success. Examples of outstanding programs that have been developed as a result of an institution receiving a Challenge grant include:

1993 **Texas Tech University, "Enhancing the Agricultural Communications Curriculum."** This program will develop a competency-based curriculum for agricultural communications programs in the United States. Objectives include: assess the competencies desired in graduates from the perspective of agriculture communications specialists, develop a model agricultural communications curriculum, develop curriculum guidelines based on the model curriculum and disseminate the model curriculum and curriculum guides through the United States.

1993 **California Polytechnic State University, San Luis Obispo, "Interdisciplinary Team Teaching for Global Agricultural Sustainability."** The project's objectives are to integrate and synthesize the broad range of developments in the interdisciplinary study of global agricultural sustainability into a core curriculum of four new interdisciplinary courses--Food Chain Systems I,II, III and IV. The courses will be required of all students in the college. The new curriculum will be supported through the incorporation of innovative teaching methodologies including interdisciplinary team teaching, multimedia technology, computer self-teaching and cooperative learning.

1992 **Morehead State University, "Enhancing Undergraduate Programs: Development of an Educational Model for Environmental Concepts in Agriculture."** This joint project from the Kentucky Regional Consortium for Curriculum Enhancement in Agriculture involved four AASCARR institutions. The objectives included: enhanced faculty preparation in environmental concepts for agriculture and food sciences, definition of an educational model for incorporating concepts of environmental responsibility and regulation into existing agriculture and food science educational programs, refinement of and educational model and development of discreet curriculum modules which address individual aspects of the educational model and implementation and evaluation of an educational model through the use of curriculum modules at participating institutions.

1991 **University of Wisconsin-River Falls, "Undergraduate Faculty Enhancement in Biotechnology Applications."** Visiting scientists from the biotechnology industry provided faculty and undergraduates in the College of Agriculture with techniques and illustration of current applications of biotechnology in agricultural and food science. In addition to faculty enrichment, this program provided new teaching units.

1990 **California State University, Fresno, "Advanced Learning Technology in Animal, Plant and Human Nutritional Sciences."** This program allowed the agricultural faculty to develop advanced learning technology in animal, plant and human nutrition sciences. State of the art electronic technology was implemented by using computers and a variety of multimedia techniques.

1990 **Texas A&I University, "Faculty Transculturation for Teaching in an Equally Bicultural Environment."** This program addressed teaching in a bi-cultural environment and recognized the importance of Hispanic and members of other ethnic groups to the future of the agriculture work force. This program was a national cooperative effort among universities with regional workshops conducted in California, Arizona and Texas.

The innovations the above institutions of higher education have incorporated into their programs transcends their campuses and are utilized by a number of the nation's schools of agriculture and natural resources.

During the development of the President's FY 95 budget, the FCCSET committee, which has since been replaced by the National Science and Technology Council, and the Office of Management and Budget (OMB) recommended a significant increase in funding for higher education programs at USDA. We believe that the Challenge grant program would be a suitable place to start.

Increased funding of $3.5 million for the Challenge Grant Program for FY 95, will greatly multiply the speed and significance of the changes that are and must be made in our college curricula, thereby ensuring that our graduates are competitive in an increasingly technical and global environment.

I believe it is significant to note that the members of AASCARR and the National Association of State Universities and Land-grant Colleges prepare essentially all of this country's graduates in agriculture and natural resources and are in agreement that the Challenge grants program is a vital avenue towards strengthening this country's competitiveness in the agriculture arena and funding for this most important program must be increased.

With the changing role of rural America, institutions of higher education located in rural communities have become a major source of resources, employment, cultural opportunities, health care, and technology for their communities. These institutions are an integral part of their communities, it is nearly impossible to delineate clearly where the university ends and the community begins. Rural institutions of higher education are committed to the success and vitality of their communities and are willing to use their resources and their strategic position to encourage rural development.

The Distance Learning and Medical Link Grant Program is one example in which institutions of higher education are working with their local communities. This program enables rural areas to acquire technology and encourages medical facilities and area schools to work together to provide access to courses and other types of information that members of the community would not otherwise have available to them. The goals of this program will help us to achieve the standards set forth by Congress and the President in the Goals 2000: Educate America legislation. We are very concerned that the President's budget request for FY 95 proposes to reduce funding for this program from $10 million to $5 million. **AASCU recommends, at a minimum, funding for the Distance Learning and Medical Link Grant program be maintained at $10 million, its FY 94 funding level.** AASCU encourages the continued support of this important program in order to develop the use of telecommunications technology in rural America.

Institutions of higher education continue to play a major role in the food and agriculture industry and in our nation's rural areas. Congressional support for federal programs that link higher education institutions to the food and agriculture industry and rural areas will assist in maintaining the nation's competitive edge and will aid in revitalizing our nation's rural areas.

On behalf of AASCU and AASCARR, I appreciate your efforts to ensure that the quality of life for all Americans continues to improve.

NATIONAL RESEARCH INITIATIVE

WITNESS

DR. RUDY WODZINSKI, CHAIRMAN, COMMITTEE ON AGRICULTURAL, FOOD AND INDUSTRIAL MICROBIOLOGY OF THE PUBLIC AND SCIENTIFIC AFFAIRS BOARD OF THE AMERICAN SOCIETY FOR MICROBIOLOGY AND PROFESSOR OF MOLECULAR BIOLOGY AND MICROBIOLOGY, UNIVERSITY OF CENTRAL FLORIDA

Mr. DURBIN. Dr. Rudy Wodzinski with the American Society for Microbiology. I will bet you were cringing when I was saying I was a liberal arts major and needed some help in science.

Mr. WODZINSKI. I was a liberal arts major too when I was an undergraduate, then I saw the light. I really appreciate the opportunity to appear before you, Mr. Chairman and Mr. Skeen. I am Rudy Wodzinski, I am a professor of molecular biology and microbiology at the University of Central Florida, but I am really here in my capacity as Chairman of the Committee on Agricultural and Industrial Microbiology, and we are part of a public scientific affairs board and we do look at legislation that appears before Congress having to do with microbiology, but we also look at budgets and we try to give our professional judgment on these budgets as to what we think should be done.

What I would kind of like to do is to get away from the script here and just go to some tables and—because a lot of the previous witnesses have talked about the need for the initiative, the National Research Initiative Competitive Grants Program, and I think that a lot of it can be summed up in a graph that I gave you, a nice colored graph that I gave you, if you will take a look at that.

I think you will see a number of major milestones here. In 1978 the competitive grants program was started as CRGO. In 1985 the biotechnology initiative was started with a $20 million budget. In 1991 was the first appropriations for the NRI.

Now, the question always comes out, what did you get for your money. I think that is asked quite often. Just for the heck of it on the plane on the way in today I added all this up to see what this all added up to. It is like $751 million. What kind of perspective is that? What has happened?

I saw a figure the other day in APHIS that there were 658 applications having to do with biotechnology since 1988. Now, I am not going to try to claim that every one of those applications was the result of this, but many of those things could not have been done because there would not have been the fundamental research in order to permit those to happen.

That is especially true with a lot of the material in plants and other types of areas, so this fundamental base is absolutely necessary, and I ask myself the question, what would happen if we were really funded at the levels that were authorized? In this grant it shows that the initial authorization in 1978 was $40 million and if we put it in 1978 dollars, we haven't reached it yet. I think that is an important thing to get across.

You know, one of the things that is very disconcerting and I would like to call your attention to I believe Table 1 here which is a comparison of USDA, NSF, and NIH, and just looking at the granting situation and what does occur. With USDA, the average grant is for 2.1 years for $59,000. With NSF it is for 2.6 years at $76,000. At NIH it is for four years at $218,000 per year. These are per year figures.

So the question becomes, why is it always so much less for agriculture? Don't they need as much money? One of the things that I think has happened is we have had a real transition in the type of research that is being done at a fundamental basic level. The type of research that is needed with agriculture doesn't differ very much on the cost of it as it does from NSF, and that is a really important point.

It means that the cycle on the grants is much shorter, much more time is spent. You might ask the question, what does $17,000 do? That means there is another graduate student for a couple years that was not supported, part of the training part. There is also that much research that was not done on that particular grant.

See, they are always behind. So in looking through as to what is required for the appropriations, I have shown you these types of numbers in the past, but what I did was in Table 2 here was to look at the various program areas, look at the number of proposals and what would it cost to bring it up on parity with NSF.

In other words, at $76,000 per year for 2.6 years, and what would it be for each of the program areas, and in addition, I added one other thing, because I think this is really important. In this committee, the overhead that is generated is 14.7 percent. It has been capped for a number of years.

We always talk about the needs for infrastructure. The committee is very good about taking care of buildings for certain areas, but then there is the cost for the scientific equipment. Many universities, the way overhead, after it is generated, it is a real cost, but after it is generated, scientific equipment is bought with it with quite a bit of those dollars.

Well, when you don't generate the overhead, you don't get the scientific equipment. So what I am asking is that you put a 10 percent on for competitive grants for equipment, for scientific equipment. It is very expensive these days, $6,500 to $100,000 for a piece of equipment that is needed for the kind of research that is being done in many of these areas and that should be awarded competitively, and then that would permit able researchers.

You know, there are times when we are only too happy to take some of the equipment from the ARS lab. That is how bad it is as far as the equipment infrastructure at some of the universities. So I think this is a necessary thing. So what I did is added a 10 percent on there.

We are asking that it be funded at $182 million, but I would like to ask something more even, that really there be a commitment for the future to have some kind of an orderly increase each year which was kind of in the farm bill originally. It was in it and I know, Mr. Chairman, you said it is a lot easier to authorize than appropriate, but I think the sense of the farm bill was that the appropriation increased each year—or the authorization increased each year which would enable the appropriation.

I don't think there is any doubt about the need for the funds for the initiative. I think it is there. I think too that it impinges and impacts on so many other areas of your budget. You know, this morning there was talk as far as the school lunch program, food stamp program. As the cost of food goes up, that program also goes up, and it goes up quite significantly. This is one way to hedge it.

I have never seen prices go down, but maybe—they stay as productivity goes up, but maybe they stay even. I am being cynical in that part, but that is really what does happen, so it really truly is an investment to try to stabilize that section.

I also would like to stress a couple of other things and that is the need to increase the budget within ARS. It was flat last year. It meant they lost people. It was relatively flat the year before. It meant they lost people.

It means that you are losing scientists in one of the vital areas that is needed for development of many of these types of projects and to try to get these out to the farmer that they be used.

Mr. Skeen, you asked a question of one of the other individuals saying, well, why don't you people set some priorities. We did try to set some priorities. We also belong to an a coalition called Co-Farm, which is the coalition on funding agricultural research missions. It started four or five years ago with nine societies. There is now 16 societies, 150,000 scientists belong to that.

We put our collective heads together to try to point out where there are the opportunities where money should be spent, and you will be getting a message from them and a brochure from them. So we are attempting to do that on the science basis, try to provide that kind of information.

I have also listed I think on the last page of the testimony of the areas besides ARS, the need for the pathogen reduction program. I believe the President's budget has an increase of $14 million for that. That is a necessary program. I think we are all aware of what the problems are there, and last year when I testified, we talked a little bit about the animal care program and why scientists know that there is a need that there be inspections because that does help us to do our job.

Mr. Chairman, I thank you. If you have any questions——

Mr. DURBIN. Dr. Wodzinski, your Table 2 would call for about a 70, 75 percent increase in funding for university research. I would like to see that happen. I am sure you would too. It won't because we are faced with a deficit reduction package which even makes the farm bill authorization figures obsolete.

We are dealing with an effort to bring this deficit down and it is cramping our style in terms of research dollars.

Mr. WODZINSKI. You know, Mr. Chairman, but what can we do to try to get that increased as scientists? Could you give us some advice? How can we get that up to a level it should be that would be appropriate? Because you can look at this whole history.

We have seen other budgets go up like NSF, NIH for science. For agriculture science, to use a euphemism, it sucks hind tit, let's face it. It doesn't get it. And yet the need is there.

Mr. DURBIN. I would say in defense of NIH that they are still only funding 22.3 percent by your table of the requested amount that is actually being awarded, so there are people at NIH who come to us regularly and say that they are not getting nearly enough money for medical research, in light of those grants that have been approved and yet can't be funded, so we are up against it.

I think it is very short-sighted but I will be very blunt with you. I think some of the money that we are investing in space stations and super colliders, no longer, and some of the other things, Star Wars and the like is a total waste of money in comparison to these funds which you are talking about, but I think we agree more than we disagree, but we are faced with a deficit reduction regimen that makes it tough.

Mr. WODZINSKI. It is the perspective. In the fix it crosscut for biotechnology, they say $4.3 billion they spend for biotechnology. We look at the initiative, it is $100 million, 2.5 percent for the fundamental part of agriculture. It is really low. It is all out of perspective to how it contributes to the GNP and everything else, to exports.

It seems like it doesn't make a lot of sense and I think you sense our frustration.

Mr. DURBIN. I do. I share it. Mr. Skeen.

Mr. SKEEN. Thank you, Mr. Chairman and Dr. Wodzinski, we share your frustration. We are going to have to deal with this budget situation, but on the other hand, this committee got to make this system work somehow or another, and you can't do it without any money.

So what we have done time after time is prioritize or go with the ones we thought are very essential. Agriculture is the greatest bag of all to come in and do the cutting on because once again, 80 percent of what we have is mandated programs in the agricultural budget. Twenty percent of it or so is the discretionary accounts.

Right now they are formulating another budget-cutting plan that takes 15 percent right off the top of all research activities and it doesn't make good sense at all.

Mr. WODZINSKI. You got rid of your electorate by being too efficient in a way.

Mr. SKEEN. We have got the American people so attuned to the fact that they can take for granted the food and the fiber production in this country because it didn't cost them anything. They still got the attitude that somewhere in this world there is a nebulous group called agriculturalists. We never see them. We never hear them or anything.

The only association we have with them is when we go to the supermarket. It is all neatly packaged. We don't get our dainty hands dirty digging for it or scratching for it, or shaving it or raking it, or whatever we have to do.

So it is our job to try to sell these programs to these people and defend them.

Mr. WODZINSKI. It is only 2.5 percent of agriculture, but everybody eats.

Mr. SKEEN. I know. I told them you are all involved in it. I was in the service with a young man one time from New York and he said, what do you do. I said, I am a rancher in real life, or my family is in dairy business. He said, what is that. I said, we milk cows and fill bottles. He said, why don't you just go to the store and buy them.

Mr. WODZINSKI. Cut out the middle man.

Mr. SKEEN. And that is a terrible problem we have with this thing, and we try to represent you folks. The Chairman kids a lot about being a liberal arts major, but he has become quite an agriculture scientist in one respect or another so we are going to give him a degree.

Mr. DURBIN. We will have this on the record.

Mr. SKEEN. In philosophy or something, agricultural philosophy. Anyway, we try to keep these programs going and thanks to people like you who give us the pointers. I can understand your point of view.

We have got our money's worth out of the research in this and the American people have been the great beneficiary. They don't have one idea where it came from.

Thank you.

Mr. DURBIN. Thanks for your testimony. Batting cleanup tonight.

Mr. SKEEN. Well, Mr. Chairman, you are only about an hour late.

Mr. DURBIN. Not bad, government time.

[The information follows:]

STATEMENT

OF THE

AMERICAN SOCIETY FOR MICROBIOLOGY

Presented by

Rudy J. Wodzinski, Ph.D.,
Chairman, Committee on Agricultural, Food and
Industrial Microbiology of the
Public and Scientific Affairs Board of the
American Society for Microbiology and
Professor of Molecular Biology and Microbiology,
University of Central Florida, Orlando, Florida

before the

House Subcommittee on Agriculture, Rural Development,
Food and Drug Administration and Related Agencies of the
House Appropriations Committee

Public Witness Hearing on the
FY 1995 U.S. Department of Agriculture

March 1, 1994

Mr. Chairman and Members of the Subcommittee:

My name is Rudy J. Wodzinski and I am a Professor of Molecular Biology and Microbiology at the University of Central Florida. I am here today in my capacity as Chairman of the Committee on Agricultural, Food and Industrial Microbiology of the American Society for Microbiology (ASM). The ASM wishes to submit for your consideration and the record, the following comments on the fiscal year (FY) 1995 Budget for the United States Department of Agriculture (USDA). The ASM, a scientific, professional organization, is the single largest biological sciences organization in the world, with an active membership of over 40,000. Many of these individuals are actively engaged in activities in/or directly related to agriculture. Most of our members are bench scientists employed in academe, research institutions, government and industry.

The research activities of our members have contributed to the generation and/or more efficient production of agricultural products via biotechnology and classical techniques that enhance the quality of life and prolong the lives of all citizens. In addition, our members are very concerned with the safety of agricultural products. Our comments are targeted to bring to your attention the resources that are required by the USDA in FY 1995 that will permit USDA to accomplish its mission and enable USDA to fulfill the mandates of Congress. ASM's comments are directed to specific areas of the USDA budget including the National Research Initiative Competitive Grants Program (NRICGP), Higher Education Grants, the Agricultural Research Service (ARS), the Food Safety Inspection Service (FSIS), and the Animal Care program within the Animal Plant Health Inspection Service (APHIS).

Our society strongly supports the aims of the Coalition on Funding Agricultural Research Missions (CoFARM). ASM actively participates with other professional societies in formulating research directions and needs for agricultural research. We endorse the recommendations of the more than 150,000 scientists that comprise CoFARM.

Mr. Chairman, I would be remiss if in considering the present economic climate that I did not take this opportunity to point our several important historical aspects of agricultural research that relate directly to the National Research Initiative (NRI). During the past 25 years, scientists have recognized and recommended that the agricultural science base be expanded. Congress responded to the requests in 1978 by authorizing $40 million for the Competitive Research Grants Office (CRGO) and appropriating $14.4 million. In 1985, Congress increased appropriations for the Biotechnology initiative by $28.5 million, and in 1990, the NRICGP was adopted in the Farm Bill. Congress authorized $500 million for the NRICGP and appropriated $73 million in 1991.

A comprehensive plan to enhance six areas or agricultural research was formulated by the Board of Agriculture (BOA) of the National Research Council (NRC). The plan with minor modification was adapted by the USDA and endorsed by a majority of scientists, commodity groups and members of Congress interested in agriculture. Congress authorized the plan to be implemented at a level of $150 million in FY 1991 and increased by $50 million/yr. until the recommended and authorized level of $500 million was reached. If the original plan was followed, the FY 1995 NRICGP budget would be at $350 million. The budgetary recommendation of $50 million/yr. has not been followed for any one year. Additionally, when one applies OMB GNP deflators to convert the levels of funding for any one year between 1978 and 1994, it is apparent that these fundamental programs in the CRGO and the NRI have never been funded at the level of $40 million authorized in 1978 (Table 1). It is interesting to note, that since FY 1988 658 biotechnology permits and notifications have been issued by APHIS. Many of these potential products would have not been possible without the fundamental science generated by the CRGO and the NRI. How many more potential products and what degree of impact on the agricultural economy would have been generated if the program was funded at the recommended levels?

Agricultural research programs lag far behind the programs in medicine because agricultural scientists do not have the same level of knowledge about plants and animals important in agriculture that medical researchers have about man or organisms important in medicine. The challenge in agriculture is much more difficult than in medicine because there is a larger number of important animals, plants and microorganisms that must be studied. Also, the products or commodities that are generated from agriculture research do not command as high a price as medical developments. This dictates that the agricultural research system must be much more efficient and therefore, requires a higher degree of knowledge. **The NRI is a plan to obtain that knowledge.**

The NRI is an important and necessary program which provides the basic information that is absolutely essential if the United States is to maintain its preeminent position as the world leader in agriculture and provide its citizens with the security of a safe and abundant food supply. Jobs related to agriculture can be preserved only if the United States maintains its position as an efficient, environmentally sound, producer and exporter of safe, nutritious food. The NRI has integrated prior research programs into six program areas recommended by the National Research Council's (NRC) Board of Agriculture (BOA) in "Investing in Research: A Proposal to Strengthen the Agricultural, Food and Environment System". As we move into a global economy, the needs are more pressing in 1994 than ever before. The ASM recommends that Congress invest in agriculture not only for FY 1995 but in subsequent years and appropriate $181.2 million for the NRICGP for FY 1995. In addition, ASM recommends that Congress plan to increase the NRICGP budget by $50 million/yr. until the authorized level is met.

The NRICGP has stimulated scientists to propose new and novel approaches to solving problems in agriculture. This is evidenced by the large number of proposals submitted to the program and the high quality of the proposals. We recommend that the NRICGP be funded at $181.2 million in FY 1995. The basis of this request is that in FY 1993 (the last year for which data is available) the average rate of support by the NRI was $59,500/yr. for 2.1 years. In contrast, NIH funds grants at a level of $218,300 for 3.98 years. NSF funds grants at a level of $76,000/yr. (Table 1).

The figures in Table 1 document the disparity in the funding of agricultural research as compared to other agencies. The research that must be performed in agriculture in the ninety's is of the same complexity as in other areas. The techniques that are used are the same and therefore, the equipment that is used and the training of the individuals doing the research must be equivalent. It is also important to note that the Federal Biotechnology Research Initiative is funded at $4.3 billion and that the NRICGP, which provides the fundamental knowledge for agriculture, represents only 2.6% of the total funding for the Biotechnology Research Initiative. The disparity in funding agricultural research requires correction.

In FY 1994, $112.5 million was appropriated for the NRICGP. However, $6.7 million was lost due to the recision contained in the 1994 Supplemental Appropriations Act (PL 103-211) and $2 million was directed into another program. The Administration has requested that the NRICGP be funded at $130 million for FY 1995. In our professional judgment, we believe that the level of funding should be increased to $181.2 million. Table 2 contains data that provides the rationale for the level of funding requested.

Although this level of funding does not grant agricultural research funding parity with research funded by NIH or NSF, it does begin to provide a more reasonable balance.

As part of our recommendation of $181.2 million for FY 1995, we recommend very strongly that a portion of the funds ($15.6 million) be allocated for scientific instrumentation. The size of the NRICGP awards and the cap on overhead of 14.7% precludes these funds from being used to purchases sophisticated, expensive scientific equipment that is needed to complete research projects in a timely and efficient manner. The Initiative has delineated new goals and directions. The attainment of these goals requires modern instrumentation. Many of the instruments used on biotechnology projects are very costly ranging from $6,500 to $125,000. The $15.6 million instrumentation grants should be administered through the NRICGP and be peer reviewed. The basis for instrument awards should be the need and demand for the equipment, the scientific competence of the investigator and the relationship of the use of the equipment to the goals of the project areas within the NRICGP. There should not be a prerequisite that the investigator be funded by USDA. There is much discussion about the deterioration of the infrastructure of the universities and especially the antiquated scientific instrumentation. The mechanism proposed attempts to correct that condition and places equipment in the hands of competent productive investigators.

ASM requests that the Committee fully embrace not only the aims and goals of the NRICGP but also its funding at a level of commensurate with its importance and potential.

ASM recommends that Higher Education Grants be funded appropriately. We recommend that $8.9 million be appropriated for Higher Education programs in FY 1995. Several studies have predicted a shortage of agricultural scientists. A positive program must be maintained to meet these needs. Also, there is a severe shortage of funds to train minority students in agriculture.

ASM recommends that the Agricultural Research Service be funded at a level higher than the $691 million budget in FY 1994. The FY 1993 and FY 1994 levels of funding were not adequate for the needs of ARS. That level of funding did not even provide for mandated pay raises. ARS lost scientists and technical support. A strong ARS component is absolutely necessary if agriculture is to prosper in the United States. We recommend that ARS be funded at $750 million in FY 1995. This increase only covers inflation. If less than $750 million is appropriated, there will be further erosion of the scientific capability of the service. In addition to ARS's pioneering studies and mission to develop new knowledge essential to solving technical agricultural problems that are broad in scope and have high national priority, the ARS also serves as the essential development link required to reduce laboratory observations on agricultural problems to practice. There are many developmental problems that industry will not handle because of minimal or uncertain profit potential. There are problems that are prevalent in agricultural that can be likened to orphan drugs in medicine where relatively few individuals are affected yet the problem is critical and requires solving.

ASM encourages this committee to continue to provide the funds that are needed to upgrade ARS facilities. We are aware that this committee has supported the upgrading of ARS facilities in the past and we encourage you to continue this necessary effort.

ASM recommends that the animal care program within the Animal, Plant Health Inspection Service (APHIS) be adequately funded at $9.8 million in FY 1995. APHIS must carry out its mandate dictated by law. Additionally, it is necessary that APHIS be in a position to verify that is has conducted adequate and timely inspections of research facilities to allay public concern.

ASM recommends that the committee fund the Pathogen Reduction Program within the Food Safety and Inspection Service at a level of $14.0 million for FY 1995. ASM believes that investing in a pathogen reduction program will help ensure the safety of agricultural products.

SUMMARY
The American Society for Microbiology Recommends the following Funding Levels for the USDA for FY 1995:

	FY 1994 Appropriation	FY 95 President's Request	ASM Recommendations
NRICGP Program Areas	**Millions**	**Millions**	**Millions**
·Natural Resources & Environment	23.8	27.0	28.85
·Nutrition & Food Quality	8.0	11.0	9.68
·Animal Systems	25.0	29.5	30.83
·Plant Systems	43.9	47.0	73.31
·Markets Trade & Policy	4.0	6.5	7.11
·Processing for Added Value or Developing New Products	7.5	9.0	6.32
·Scientific Equipment	0	0	15.61
·Adm. Overhead FY 95 5.4%			9.44
Total NRICGP	112.2*	130.0	181.2
Higher Education Grants	7.9	8.9	8.9
Agricultural Research Service	691.6	708.0	750.0
APHIS (Animal Care)	9.8	9.6	9.8
FSIS (Pathogen Reduction Program)	8.0	14.0	14.0

Reduced by $6.7 million recision.

American Society for Microbiology

Attachments:

Table 1
Table 2
CRGO and NRICGP Funding History

March 1, 1994
Public Witness Hearing on the
FY 1995 U.S. Department of Agriculture
before the
House Subcommittee on Agriculture, Rural Development,
Food and Drug Administration and Related Agencies of the
House Appropriations Committee

TABLE 1

Comparison of Funding of Biological Research in the U.S. Department of Agriculture, National Science Foundation and National Institutes of Health (FY 1993)

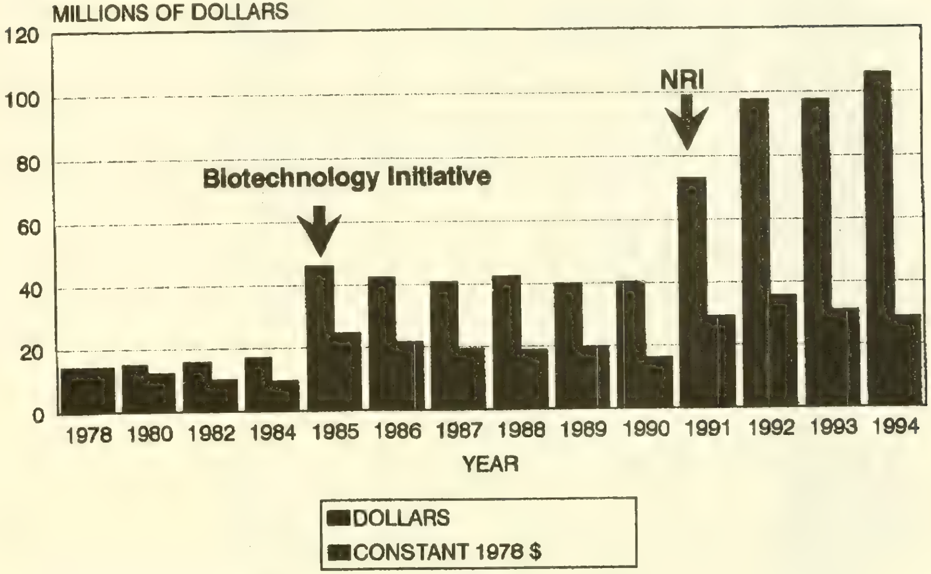
	USDA[a]	NSF[b]	NIH[c]
Number of Proposals	2893	1298	25140
Number of grants funded	790	346	6149
Percent of proposals resulting in grants	27	26.7	24.5
Amount requested (dollars in millions)	$576	NA	$6021
Amount awarded (dollars in millions)	$91.8	$81.	$1342
Percent of requested amount awarded	15.9%	NA	22.3%
Avg. Term of Grant (year)	2.1	2.6	3.98
Average amount of award (dollars in thousands/year)	$59.5	$76.0	$218.3

[a] USDA - data for National Research Initiative (NRICGP)
[b] NSF - data from the molecular and cellular, biosciences NSF
[c] NIH - data for total NIH
Source: USDA, NSF, and NIH

TABLE 2
Funding required to increase individual grants to near parity with NSF

	# Proposals	Award #	Success Rate	$ Amount Request x1000	$ Amount Awarded x1000	Average Award $	For 2.6yr grants $76,000/y x1000	Increase Request x1000
Natural Resources & Environment	548	146	26.64%	112,987	16,994	116,397	28,850	11,8
Nutrition Food Quality & Health	191	49	25.65%	45,459	6,134	125,184	9,682	3,5
Animal Systems	577	156	27.04%	139,325	23,519	150,763	30,826	7,3
Plant Systems	1044	371	35.54%	213,419	37,608	101,369	73,310	35,7
Markets Trade and Policy	160	36	22.50%	27,456	3,782	105,056	7,114	3,3
Processing for Added Value or Developing New Products	137	32	23.36%	26,270	3,777	118,031	6,323	2,5
Sub Total	2657	790	27.00%	564,916	91,814	126,998	156,104	64,2
10% for Equipment							15,610	15,6
Subtotal							171,714	79,9
Administrative Cost FY 1993 (5.4%)					5,050			
Administrative Cost FY 1995 (5.4%)							9,444	4,3
Total							181,159	84,2

CRGO AND NRICGP FUNDING HISTORY



ADJUSTED WITH OMB GNP DEFLATORS

TUESDAY, MARCH 8, 1994.

RURAL DEVELOPMENT IN KENTUCKY

WITNESS

HON. TOM BARLOW, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF KENTUCKY

Mr. DURBIN. Congressman Barlow is the first up. Now Tom, did you testify here last year?

Mr. BARLOW. I don't believe I did, sir, no.

Mr. DURBIN. The rules are very simple. The shorter your statement, the better your chance. [Laughter.]

Mr. BARLOW. I understand you well.

Mr. DURBIN. Just press on. Kentucky's in charge. [Laughter.]

Mr. BARLOW. We will make it fast. If I may, I have four young students from my district with me here today, and I just would appreciate if we could introduce them.

If you could stand up back there, fellows.

Mr. DURBIN. And ladies.

Mr. BARLOW. And ladies. Thank you.

Mr. DURBIN. Where do they go to school?

Mr. BARLOW. Thank you very much. Different parts of the district—Franklin, Ballard County and where else? Pardon? Cumberland. Yes, that's right.

Mr. DURBIN. We are glad you're here.

Mr. BARLOW. I represent the first district in Kentucky, sir, 31 counties. We're an agriculture district. Agriculture is our largest industry.

We have many, many small farms, and we are trying to move ahead with modern technology and bring our farmers along in that technology, and one of the technologies that we are asking for money for is the two-way communications technology.

Murray State University in my district has a proposal before the department to fund a two-way communication project, further fund it, and we would like to see, as we develop this, if we can be bringing this technology into the farm offices, USDA offices, county offices, district offices, so that a farmer, a small farmer, large farmer, can go into the office and tie into a two-way communications process to a central point. It might be in Kentucky. It might be in another state where they can get the best expertise on whatever the new technology is that they want to explore.

It might be a new type of farming, a new type of conservation methodology, a new product or whatever, but I do believe that this two-way communications technology is something that is going to be of great benefit to agriculture, and we would ask for funding for the small trial effort that Murray State University will be working on.

The second area is rural development projects. We are very gratified that the administration is funding rural development at high levels. We have tremendous water needs in our counties in Western Kentucky. They have been neglected for many years.

We're having water pollution problems coming up in ground water. A lot of the water has to be trucked in many, many counties in the district, and many areas of the counties, and these are particular projects that are ready to go if we can perhaps ask the committee to give us some type of a line item prioritizing.

The third area——

Mr. DURBIN. Tom, can I interrupt you for a second?

Mr. BARLOW. Yes.

Mr. DURBIN. If you would be kind enough to specify after you go back to your office, those areas where you have applied for some help from the administration, or as an alternative, where you are asking for direct assistance from the committee. That would be—you might pull those out of there because I see some of them you are doing both.

Mr. BARLOW. Yes.

Mr. DURBIN. And that would be helpful.

Mr. BARLOW. Yes.

Mr. DURBIN. Okay.

Mr. BARLOW. We'll do that. The third area is Murray State University which is the Kentucky system's university in the far western part of the state, has an agriculture school. It's very good. It needs to grow.

We are in a very unique position to do a lot of the on-farm agriculture research because we have so many small farms with farmers utilizing much of their time on these farms.

Minimum tillage, for example, was developed as a concept by a number of farmers really on their own down in my district back in the early 70's, and brought along on a trial and error method just with their own resources, and their own ingenuity and imagination, and inventiveness, and developed over about a ten year period down there.

This is the type of ingenuity we have available to us. We would like to harness it through the university and through the agriculture school.

The agriculture school could possibly be included in the list of recipients for, or targeted for ag research grants, we would like the committee to consider that. We would appreciate it very much.

Thank you.

Mr. DURBIN. Thanks, Tom. Congressman Thornton, any questions?

Mr. BARLOW. Yes, sir.

Mr. THORNTON. No. I just wanted to commend you, Congressman Barlow, for your testimony and the emphasis on the importance of universities and academic research institutions. Thank you.

Mr. BARLOW. Thank you, sir.

Mr. DURBIN. Thank you very much, Congressman Barlow. You are well in under the wire, so we will be giving your request every favorable consideration.

Mr. BARLOW. Thank you.

[The information follows:]

Testimony Before the Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies.

Congressman Tom Barlow
March 8, 1994

Chairman Durbin, members of this Subcommittee, I appreciate your providing me with an opportunity to testify today.

I represent a very rural district that encompasses the western third of Kentucky. The largest city in my district has a population of about 30,000. Agriculture is the largest industry in my district. Over the years, my constituents have benefited from the various appropriations under the jurisdiction of this subcommittee. The Rural Electrification Administration, the Rural Development Administration and the overall structure of Farm programs are important to our local economy in Kentucky and have enabled us to rise from the poverty that gripped our part of the country 50 years ago. While there must be cutbacks in all federal programs to bring our budget into balance, I ask you to keep the needs of Rural Kentucky and Rural America in mind as you prepare the FY 1995 budget.

This budget cycle, rural economic development assistance is the primary concern of the communities in my district. Infrastructure is the foundation for rural economic development. If a small community does not have a sufficient water and sewer system, then it cannot attract industry and create jobs that keep its young adults at home. In recent years, the lack of work at home has forced most young adults to move to the larger metropolitan areas in search of a future, thereby draining the population of many of our communities and counties. We must reverse this trend and I am dedicated to doing this. A few projects that will assist with economic development are described as follows:

1. Murray State University Telecommunications Grant

Murray State University and the Paducah Area Development District have applied for an REA grant to fund the construction and link up of a fiber optic distance learning system between MSU, the PADD and several rural school districts, health care industries and other businesses in my district. This proposal fits within the information highway concept and could be expanded at a later date to other rural school districts.

Murray State University is requesting $319,376 from the REA to fund this project. Murray will provide a cash match of $79,844 and an in-kind match of $563,038.

This project will allow the only four year university in my district to eventually connect businesses and schools with assistance and information that was previously unavailable in rural areas.

2. Rural Development Projects.

There are several communities in our district that are facing severe water and sewer problems. A few of the more severe situations are described below.

The Caldwell County Water District has numerous water problems that need a remedy. Less than 25% of the residents of this county have safe drinking water. The remainder receive their drinking water from wells that routinely become contaminated. A $1.8 million application is pending before the RDA.

Crittenden County Kentucky has applied for a $1.35 million RDA loan to improve its water system. The Crittenden County Water District needs to increase its capacity if it is to be able to handle customers in the future.

The Muhlenberg County Water District has applied to both the RDA and the Farmer's Home Administration for assistance in the sum of $251,000, for the improvement of its water system.

The County of Simpson has applied to the Farmer's Home Administration for a $590,000 loan to fund the purchase of a 500,000 gallon water tank for its industrial park. This improvement will enable Franklin and Simpson County to attract additional industry and ensure safety in its industrial park.

The Scottsville-Allen County Industrial Authority has applied to the Farmer's Home Administration and the RDA for a grant or a loan in the sum of $500,000 for renovating an existing manufacturing facility and industrial park.

The City of Pembroke, in Christian County, has applied to the RDA for a $176,000 loan for water system improvement and $142,000 for wastewater improvement.

The City of Columbus has applied to both FHA and RDA for a loan in the sum of $1.3 million to construct a water and sewer system.

Lyon County Kentucky has applied for a FmHA loan in the sum of $1.95 million to extend water lines into areas that are not currently served by treated water.

The City of Providence in Webster County, Kentucky has applied to the RDA for $485,800 in funds to extend sanitary sewer service.

3. University Ag Research Grants.

Murray State University has an active Ag Department that is able to perform a variety of research tasks. While I realize that budget funds are scarce, Murray State University could benefit significantly from being placed into the loop of agricultural research.

I appreciate your taking the time to allow me to testify here today.

TELEPHONE PROGRAM

WITNESS

ROBERT ORENT, DIRECTOR, U.S. TELEPHONE ASSOCIATION

Mr. DURBIN. The U.S. Telephone Association, Robert Orent. Am I pronouncing that correctly?

Mr. ORENT. Correct.

Mr. DURBIN. Good. We have your statement for the record. You are welcome to summarize or highlight in your five minute testimony.

Mr. ORENT. I will honor your admonitions to the Congressman, and see if I can't do as well.

Mr. Chairman and members of the subcommittee, I'm Robert W. Orent, the general manager of Hiawatha Telephone Company. Hiawatha Telephone Company is an REA borrower, and provides modern digital telecommunications services to approximately 5,200 customers located in an area of over 2,400 square miles in Michigan's upper penninsula.

As a member of the United States Telephone Association, I present this testimony on behalf of approximately 1,100 member companies of USDA, and the customers they serve.

The targeted assistance offered by a strong and viable REA remains essential for a health and growing rural telephone industry that contributes to the provision of universal service.

We appreciate the strong support this committee has provided to the REA telephone program since its inception in 1949, and look forward to a vigorous REA program for the future.

We understand the budget constraints Congress must face, but the administration's fiscal year 1995 proposal for REA threatens our very ability to adequately serve rural America's telecommunications needs, and to maintain universal service.

Only four months ago, the rural electrification loan restructuring act of 1993 was signed into law. USDA supported the loan restructuring act and the changes that it made in the REA telephone program, changes that one, significantly reduced the amount of five percent loan fund, and two, for the first time, introduced stringent criteria that disqualified all but those borrowers serving the most rural and remote areas from eligibility for five percent loans.

The administration is now proposing to eliminate all five percent loans in fiscal year 1995. This will absolutely disqualify some borrowers from any REA program, and consign their subscribers to diminished telephone service.

Instead, the USDA recommends that the United States adopt the following for a continuation of a strong REA telephone program that builds rural America. First, set subsidies to support the fiscal year 1995 REA hardship and cost of money insured loan programs at levels specified in the loan restructuring act.

And two, set subsidies to support fiscal year 1995 rural telephone bank loan and REA loan guarantee programs at no less than the levels approved for fiscal year 1994.

Mr. Chairman, one very important provision of the loan restructuring act corrected the impact of the credit reform on interest rate formulas of the rural telephone bank. The credit reform act of 1990 effectively walled off the RTBs, imbedded low cost capital in repayments of principal and interest from inclusion in the bank's interest rate calculation.

As a consequence, the RTB's cost of money rose to the treasury's rate. The act cured this with a provision that directs that all of the bank's assets and liabilities be taken into account in calculating the interest rate on new loans.

U.S.D.A. requests funding to carry out this important provision of the act.

Rural utilities generally have higher costs than their urban counterparts in order to meet universal service obligation. To provide service, REA borrowers need to invest in new technology.

The REA telephone program effectively targets assistance to rural customers. It extends and modernizes the network in rural America. Without network modernization in rural areas, economic growth will suffer and jobs will be lost.

The absence of a low cost debt capital will discourage investments by rural telephone companies like mine who serve the highest cost, lowest density rural areas, and rural Americans will find themselves on a dirt road that is not even connected to this information superhighway.

And this must not be allowed to happen.

Mr. Chairman, the REA telephone program with its flawless record of repayments costs amazingly little for the benefits received by the nation. Assuring a strong and effective REA telephone program by adhering to the provisions of the act and authorizing adequate loan levels will retain the worthwhile partnership between REA, telephone companies, and rural consumers, and that will benefit all Americans.

Thank you.

Mr. DURBIN. Thank you for your testimony, and you are from UP?

Mr. ORENT. Yes.

Mr. DURBIN. My family and I spent Christmas there. The skiing was great and it was only 24 degrees below zero.

Mr. ORENT. Well, that was on one of our better days. [Laughter.]

Mr. DURBIN. That was one of your better days. We just had a meeting this morning with REA to discuss the issues that you brought before us today, and I think there is consensus from most of those who spoke at our subcommittee and was along the lines that you have suggested, that the cut-backs from the administration go far beyond the agreement of last year.

We're going to try to get a little closer to that agreement, although we are going to have our hands full with limited resources, so we will do our best to help you, and I understand completely what you're saying.

One of the things you say in here bears repeating, and that is that in the 45 year history, the REA telephone program has never had a default, so we are dealing with a good credit situation here, and we can't forget that. I wish every federal agency could say the same.

Any questions from my colleagues on the subcommittee?

Mr. SKEEN. The only comment I have is I was an REA customer myself, and amen.

Mr. DURBIN. You have a real conflict there. Thank you for coming and joining us, we appreciate it.

Mr. ORENT. Thank you.

[The information follows:]

Statement
of
ROBERT W. ORENT
Director
UNITED STATES TELEPHONE ASSOCIATION
before the
U.S. HOUSE OF REPRESENTATIVES
Appropriations Subcommittee
on Agriculture, Rural Development,
Food & Drug Administration
and Related Agencies
March 8, 1994

SUMMARY OF REQUEST

PROJECT INVOLVED:	Telephone Loan Programs Administered by the Rural Electrification Administration.
ACTIONS PROPOSED:	Subsidies to Support REA Insured Loan Levels in FY 1995 Consistent With Loan Levels Specified in the Rural Electrification Loan Restructuring Act of 1993; and for the RTB and Loan Guarantee Programs, Subsidies to Support Continuation in FY 1995 of not Less Than the FY 1994 Levels.

OPENING REMARKS

Mr. Chairman and Members of the Subcommittee, I am Robert W. Orent, General Manager of Hiawatha Telephone Company in Munising, Michigan. Hiawatha is an REA borrower and provides modern digital telecommunications to approximately 5,200 customers over 2,400 square miles of Michigan's upper peninsula. I appear before you as a representative of the United States Telephone Association (USTA). USTA represents over 1100 local telephone companies that provide over 98 percent of the access lines in the United States. USTA members range from large publicly-held corporations to small family-owned companies and cooperatives owned by their customers. I present this testimony in the interests of the members of USTA and the customers they serve.

Local telephone companies are dedicated to fulfilling two goals: serving the nation's telecommunications needs and maintaining universal service at reasonable rates. USTA members, both large and small, firmly believe that the targeted assistance offered by a strong and viable telephone loan program remains essential in order to maintain a healthy and growing rural telephone industry that contributes to the provision of universal telephone service. We appreciate the strong support this committee has provided for the telephone program since its inception in 1949 and look forward to a vigorous program for the future.

RECOMMENDATIONS

We understand the budget constraints Congress must address, but the Administration's fiscal year 1995 proposal for REA threatens our ability to adequately serve the nation's telecommunications needs and to maintain universal service. Only four months ago the Rural Electrification Loan Restructuring Act of 1993 (RELRA) was signed into law by President Clinton. USTA supported RELRA and the changes it made in the REA Telephone programs - changes that significantly reduced the amount of five percent loan funds and introduced for the first time stringent criteria that disqualify from eligibility for five percent loans all but borrowers serving the most rural and remote areas. The Administration is now proposing to eliminate all five percent telephone loans in FY 1995. This will absolutely disqualify some borrowers from any REA program and consign their subscribers to diminished telephone service. This will occur at the very dawn of the information age.

USTA recommends subsidy authority to allow telephone loan program loan levels in fiscal year 1995 as follows:

REA Insured Hardship Loans (5%)	- $125 million, plus FY 1995 inflation adjustment
REA Insured Cost-of-Money Loans	- $198 million, plus FY 1995 inflation adjustment
Rural Telephone Bank (RTB) Loans	- $200 million
Loan Guarantees	- $120 million

The RELRA also corrected the impact of credit reform on the interest rate formula of the Rural Telephone Bank. The Credit Reform Act of 1990 effectively walled off the RTB's embedded low cost capital and repayments of principal and interest from inclusion in the Bank's interest rate calculation. As a consequence, the RTB's cost of money rose to Treasury's rate. RELRA cured this with a provision directing that all of the Bank's assets and liabilities be taken into account in calculating the interest rate on new loans. USTA requests funding to carry out this important provision of RELRA.

The need for loan funds continues to be great. At the beginning of fiscal year 1994, REA had on hand over $269 million in completed loan applications. As of February 28, 1994, REA had approved over $120 million in REA and RTB loans while completed applications grew to approximately $282 million. So with half the fiscal year remaining and loan applications still coming in, the known current demand for REA and RTB loans and loan guarantees continues to be strong and attests to the continuing need for the REA Telephone Program.

A CHANGING INDUSTRY

The telephone industry is in the midst of one of the most dramatic changes any industry has ever undergone. Both the technological underpinnings and the regulatory atmosphere are much different than they were just a few years ago. Without system upgrades, rural areas will be left out of the emerging information revolution. This will impact not only rural Americans, but people in urban areas that need to communicate with those in rural areas.

As the need for new services evolves, rural telephone systems must have access to low cost REA financing to fund technological improvements such as digital switching equipment, updated switch software to provide advanced services and communicate with discrete signalling networks and associated data bases, and broadband fiber optic lines.

The intelligence required for many of the emerging new services resides at a high level in the national public telecommunications network. Rural telephone companies must have the advanced capability required to communicate with these intelligent network elements.

Just as technology is rapidly changing, so is the regulatory structure of telecommunications. Increasing competition is forcing a trend towards cost based pricing. Local residential customers now shoulder a greater share of telephone network expenses. Rural areas tend to face higher costs, because the customer base is smaller and distances are greater between customers. The REA telephone program targets assistance to these rural telephone customers. It keeps them on the network by allowing reasonable prices by expanding that network in rural America to meet the future needs of these customers.

THE REA TELEPHONE LOAN PROGRAM AIDS RURAL DEVELOPMENT

In the information age in which we live, it is essential that rural subscribers be afforded advanced telecommunications services at a reasonable cost. New telecommunications services, essential for rural economic development, require infrastructure improvement through the deployment of new technology. Recognizing this, industry and government telecommunications experts alike insist there will always be a need for REA's capital, as well as its technical standards advice. Recent studies by the Aspen Institute and the Office of Technology Assessment bear out the need for modernization of the rural infrastructure and explain the significant benefits that will flow from it.

A 1990 study by MESA Consulting entitled, *"Telecommunications and Rural Economic Development"*, concluded that an advanced telecommunications infrastructure attracts new businesses, makes existing businesses more competitive, and enhances the quality of life through provision of essential social services. The study confirmed that modern telecommunications services are an essential part of rural America's infrastructure and yield enormous returns to the local and national economy. Telecommunications expands production - agriculture, manufacturing and services - thereby reducing the trade deficit, generating additional Federal, state and local tax revenues, and stimulating employment.

Without modernization of the rural infrastructure, economic growth will suffer and jobs will be lost. REA borrowers employ nearly thirty thousand rural Americans in their businesses directly and benefit hundreds of thousands indirectly. REA loans have a multiplier effect - the minimal amount of REA "seed" dollars stimulates business activity and creates jobs, thereby generating Federal, state, and local revenues.

REA HELPS RURAL AMERICANS

The REA telephone program benefits America. The program is a public-private partnership in which the borrower telephone systems are the conduits for benefits from the federal government to rural telephone customers, the true beneficiaries of the REA program. The REA telephone program is totally voluntary. Companies that borrow do so to expand their customer base and modernize their network in order to improve service to their customers. The government's contribution is leveraged by the equity, technical expertise and dedication of local telephone companies and cooperatives.

In its 45 year history, the REA telephone program has never had a default. The program costs amazingly little for the benefits the nation receives. Perhaps most importantly, it is an established and effective program to modernize the rural telecommunications infrastructure so necessary if this nation is to have universal availability of advanced telecommunication service.

Let's be clear, it is not the telephone companies that will suffer from a diminished REA telephone program. Service to rural America will suffer as a result of a telecommunications infrastructure that does not keep pace with the rest of the network. The nation will suffer the consequence of lesser telecommunications service in rural areas through lost productivity, lost jobs, a loss of potential development and economic stagnation.

Higher interest rates discourage investment in the most rural and remote areas, those with high cost and low density. Telephone companies, and in particular those that rely on private capital markets, must seek to maximize their return. They cannot afford to borrow money to modernize areas that will not generate enough additional revenue to repay the debt and earn a reasonable return. As evidence of this, we're seeing a continuing trend whereby companies that rely on the private capital markets are divesting themselves of rural exchanges.

Therefore, it is likely that if low cost funds are unavailable through the REA telephone program, many rural customers will be unable to afford to pay the cost of information-age services. Higher costs may drive up access rates charged to long distance carriers, thereby threatening geographically averaged long distance rates - one of the key industry structures that supports universal service. Yet while advocating a diminished REA Telephone program in language strikingly similar to that used by its predecessors, this administration lauds the necessity for all Americans to have access to the information superhighway. For most Americans the local telephone company is the likely avenue for reaching the information superhighway. This is especially true in rural areas.

REA IS NEEDED MORE THAN EVER

The Administration's proposals to diminish the REA telephone program come at a time when it is increasingly clear that advanced telecommunications can overcome the rural disadvantages of long distance and low density and provide modern and high quality medical, business, educational, information and entertainment services to rural Americans. They come at a time when rural Americans continue the struggle to revitalize their stagnant economies. In light of the fact that Congress, government agencies and independent studies have indicated that telecommunications enhancement is a significant part of rural economic development, affordable capital to finance technological upgrading, especially in America's most remote areas, is needed now more than ever before.

We are puzzled and dismayed, Mr. Chairman, at a budget that proposes to invest in information superhighway pilot projects while essential REA low cost capital is proposed to be eliminated. Rural telephone companies provide "the last mile of line" to the farm, ranch, business and home that is essential if an information superhighway is to reach the Americans that need it most. REA is no pilot project - it is a program that works for rural Americans. Don't let the rural local exchange become a dirt road off the information superhighway.

The government cannot afford to eliminate the only low-cost assistance it provides to help meet the telecommunications needs of our most rural communities. REA is one of the few government infrastructure programs targeted to America's rural citizens. It has brought social and economic benefits to rural parts of the nation which, particularly in recent years, have suffered severe economic hardship.

CONCLUSION

Mr. Chairman, assuring a strong and effective REA Telephone Program through authorization of adequate loan levels will retain the worthwhile partnership between REA, telephone companies and rural consumers to the benefit of all Americans. Thank you.

TELEPHONE PROGRAM

WITNESS

MICHAEL E. BRUNNER, EXECUTIVE VICE PRESIDENT, NATIONAL TELEPHONE COOPERATIVE ASSOCIATION

Mr. DURBIN. Michael Brunner of the National Telephone Cooperative Association in rebuttal.

Mr. BRUNNER. No, sir. [Laughter.]

Thank you, Mr. Chairman. I'm Mike Brunner. I'm the CEO of the National Telephone Cooperative Association. You have my statement. I'm going to summarize it in about two minutes.

I want to make four major points—a couple have been made already I believe. Number one, the need for REA is never, we believe, greater than now. We are in a technology revolution in this country, as you all know, and we believe that the rural areas have got to participate in that, and REA is one of the best vehicles to get that message out and get that money out. It has been working, and we say keep it going.

Point number two, it's been, as you just said, Mr. Chairman, one of the most successful government programs in history. Forty-five years in the telephone side, and never a default, never a loss, 100 percent repayment—incredible. Let's keep it going.

Number three, the appropriations have essentially been frozen for the last 12 years which means we have taken a hit in real dollars. Most programs have increased with the cost of living. Ours has not, and we are saying that we've taken those hits, but we want to at least maintain that level.

And finally, number four, last year the Congress, the administration, and the industry agreed on a major restructuring. That really tightened up the program, and we supported that whole-heartedly. It reduced the subsidy in the telephone side from $44 million a year down to $13 million a year, a huge reduction.

Now we're bitterly disappointed the administration has come back and violated the agreement they had just made, coming in with major cuts on top of that.

We urge you to honor the agreement, the restructuring agreement, the legislation, and to maintain full funding of the program. We think it's realistic. We think it's a great program, and we hope you'll agree with us.

Thank you, Mr. Chairman.

Mr. DURBIN. I would just say at the outset, least this turn into a total pep rally here, there is one element here that still concerns me unresolved that I think absolutely has to be addressed for the future of these programs. That issue is the situation where a larger telephone company buys a rural telephone company, and ends up taking advantage of the low interest loan opportunity for that rural telephone company when, in fact, the larger telephone company has adequate credit and capital to deal with their problems.

That really disadvantages the true telephone co-ops and smaller rural service, and we're going to press forward and this year try to get some response on that issue.

Any questions from the subcommittee?

Mr. SKEEN. No questions.

Mr. DURBIN. Okay. Thanks for joining us.

Mr. BRUNNER. Yes.

[The information follows:]

The Voice of Rural Telecommunications

STATEMENT OF MICHAEL E. BRUNNER
EXECUTIVE VICE PRESIDENT
NATIONAL TELEPHONE COOPERATIVE ASSOCIATION
REGARDING FY 1995 REA TELEPHONE LOAN PROGRAM APPROPRIATIONS
before
U.S. HOUSE APPROPRIATIONS SUBCOMMITTEE ON
AGRICULTURE, RURAL DEVELOPMENT, FDA, AND RELATED AGENCIES
March 8, 1994

SUMMARY

Considering the current telecommunications demands being made by the administration, Congress, and rural Americans, it is clear that the need for the Rural Electrification Administration's (REA) telephone loan program has never been greater. The National Telephone Cooperative Association (NTCA) opposes the administration's fiscal year (FY) 1995 budget proposal. That proposal disregards the recent REA telephone loan program restructuring agreement reached between itself, the Congress and the rural local exchange carrier (LEC) industry. NTCA believes it is critical that, at the very least, the program's funding be preserved at the level established by that agreement. The program has carried out its mission, of both providing and improving rural telephone service, with distinction, for more than 45 years. Appropriately funded, it will continue to do so well into the future. In short, REA financing is critical to ensuring rural Americans enjoy the benefits of the telecommunications revolution currently sweeping the nation.

INTRODUCTION

It is a pleasure to have this opportunity to discuss the current financing needs of the rural LEC industry. In light of all that is occurring on the telecommunications front this discussion is urgently needed. I am Michael E. Brunner, and I am the chief executive officer and executive vice president of the NTCA. NTCA is a national trade association representing nearly 500 small, rural cooperative and commercial telephone systems. These locally owned and operated LECs are situated throughout the nation.

NTCA's members, like most the country's independent LECs, evolved to serve the high cost rural areas of the nation. And there can be no doubt regarding the cost of providing telecommunications services to rural America. Just considering that these areas account for 40 percent of the nation's geographic area is convincing enough. Then add into the equation that the subscribers therein account for only 4.3 percent of the nation's total. It quickly becomes crystal clear why rural America is so costly to serve.

Congress recognized the financing dilemma confronting America's rural LECs as early as 1949. It was in that year that it amended the Rural Electrification Act (RE Act) to create the REA telephone loan program. And Congress planned for the future, understanding that rural America's telecommunications financing needs would be ongoing. It charged the REA with responsibility for the making of low interest loans to both "...furnish and improve..." rural telephone service.

Subsequently, Congress has periodically amended the RE Act to ensure the original mission of the program is met. In 1971 the Rural Telephone Bank (RTB) was created as a supplemental source of direct loan financing. In 1973 the REA was provided with the ability to guarantee Federal Financing Bank (FFB) and private lender notes. And most recently, in 1993, the Congress established a fourth program lending facet, the REA Treasury fund.

The Rural Electrification Loan Restructuring Act (RELRA), which created the Treasury fund also completely restructured the REA telephone loan program. The initiative reduced the program's already minimal annual subsidy cost from $44 million to less than $13 million. At the same time the initiative strengthened the program for the challenges ahead. Interestingly this $13 million in subsidy supports loan authorizations totalling more than $620 million. To date, nearly 80 percent of NTCA's members have utilized REA's capital and technical assistance to one degree or another.

The infrastructure being deployed by a majority of rural LECs today is capable of providing state-of-the-art services such as two-way interactive video links. These services are changing the destiny of rural America. Through this technology, rural Americans are assured of improved education, health care access, and business and government services. REA's telephone loan program is financing a significant portion of such infrastructure enhancement. Because the program's cost is so low its authorization could easily be expanded to meet an increase in demand. It is critical that when preparing your FY 1995 appropriations recommendations, you keep the REA telephone loan program in perspective. $13 million spent today is a modest amount when taking into account the hundreds of millions in savings that expenditure will yield over the course of the future.

RESPONSIBILITIES CONFRONTING INDUSTRY ARE SUBSTANTIAL

The success of the private/public partnership represented by NTCA's members' use of the REA telephone loan program is obvious. This partnership boasts infrastructure of a highly sophisticated quality. With the assistance of REA capital, and technical standards advice, NTCA's members are leaders in modernizing their systems. And this financing partnership spawns a carrier-of-last-resort commitment. Yet new responsibilities continue to confront the industry. These responsibilities are both significant and costly.

One of the more significant responsibilities currently facing the rural LEC industry involves the acquisition of neighboring rural service territories. Recently a number of the nation's largest LECs have placed their most unprofitable rural exchanges on the market. Most of these exchanges are severely in need of modernization. Subscribers in many of these areas have sought improved service for years. Now, small rural LECs, often with REA assistance, are able to respond to their appeals. This financing partnership is ensuring that our industry's carrier-of-last-resort commitment is being fulfilled. The result is the assurance for thousands of rural Americans that dramatically improved telephone service is finally on the horizon.

But the carrier-of-last-resort commitment is becoming increasingly difficult, if not impossible, to fulfill. Telecommunications related legislative and regulatory proposals currently are permeating Washington. Each could dramatically alter the manner in which rural LECs operate and rural subscribers are served.

Many of the restructuring initiatives propose to open up the entire urban and rural LEC industry to competition. Most give no recognition to the special needs of rural America which generally could not support a competitive telecommunications environment. The least harmful of such proposals simply fail to recognize these special needs. The most harmful advocate government financing of such competition. Government sponsorship of competitive providers is absolutely contrary to REA's long-standing policy against financing duplicative infrastructure. Government sponsored competition could jeopardize the solvency of rural America's carriers-of-last-resort. And the policy could also place REA loan security at risk.

Other initiatives are promoting the lifting of the telephone/cable crossownership ban. Still others would drop the remaining line of business restrictions currently imposed on the regional bell operating companies (RBOCS). All would have a profound impact on the Communications Act of 1934. These are not subjects to be approached lightly. NTCA sees as many pitfalls as opportunities evolving from such initiatives.

COORDINATION, COOPERATION, EDUCATION

NTCA is concerned with the lack of coordination and cooperation that appear to be representative of federal telecommunications policy today. The courts, Congress and the administration must remain abreast of one another's telecommunications policy activities. Likewise they should take stock of the telecommunications programs under their purview. In addition, they must also educate themselves about the industry for which they are setting policy. It is imperative that each understand the responsibilities and capabilities of rural LECs and their infrastructure. Unfortunately the administration's proposed FY 1995 budget displays a complete lack of appreciation for these responsibilities and these capabilities.

The administration's proposed budget calls for the elimination of REA's hardship (5%) loan fund. The very fund that LECs most in need would rely upon. The proposal would also increase the RTB fund's interest rate while decreasing its loan level by $25 million. Concurrently the proposal would cut the REA guaranteed fund authorization by $2 million. Though it would increase the new Treasury fund's authorization by $36 million, the total FY 1995 loan authorization is $90 million less than was provided in FY 1994. The proposal also falls about $12 million short of the authorizations mandated by the RELRA.

Elsewhere in the administration's proposed budget are requests to increase funding for new programs that will study the benefits of enhanced telecommunications infrastructure. The administration also proposes to cut funding for REA's economic development programs while requesting increased funding for non-REA economic development programs. It is astonishing to witness such grave inconsistencies emerge from the very entity that's been all consumed by the concept of an information superhighway.

Unfortunately there are elements of Congress displaying a similar lack of appreciation for the telecommunications needs of rural America. Although this subcommittee has a long history of support for the industry and the REA telephone loan program, too often its efforts are sabotaged by subsequently enacted legislative or regulatory initiatives. The chaos bred by such manipulations is not at all conducive to infrastructure development.

APPROACH REA WITH SYMMETRY

This industry can no longer sustain the damage routinely afforded it through changing and contradictory legislative and regulatory initiatives. That is why it is imperative that Congress and the administration remain cognizant of the record of the rural LEC/REA financing partnership. The partnership has never created a loss for taxpayers through borrower default or abuse. This partnership agreed to a $31 million dollar cut in the name of debt reduction last Fall. This partnership agreed to a twelve year freeze in program loan levels while all others grew by the rate of inflation. This partnership is committed to providing service to areas long neglected by others. Is it any wonder this partnership is disappointed with the minimal regard its efforts appear to be given by the administration and some in Congress?

That is why we are now insisting that Congress and the administration honor the restructuring agreement reached between themselves and the rural telecommunications industry last Fall. When developing FY 1995 appropriations recommendations Congress and the administration must also give particular consideration to the following important issues:

* rural America has unique needs that merit acknowledgement in federal telecommunications policy;

* REA telephone loan program interest rates and capital must be maintained at appropriate levels;

* REA's staffing levels and technical and engineering expertise should not be compromised, and;

* REA's Distance Learning and Medical Link Grant Program should be fully funded to ensure end users are able to take advantage of enhanced telecommunications services.

CONCLUSION

The REA telephone loan program bears a proud record and should remain in place to continue assisting the rural LEC industry to meet its service commitment to rural Americans. Were no changes at all to be made in the nation's telecommunications policy, the continuation of the REA telephone loan program would be a critical necessity. With change, the continuation of the REA telephone loan program is an absolute national priority. After all, the rural segment of the nation's telecommunications infrastructure is critical to the national objective of universal telecommunications service. Our industry and the REA are the natural team to lead the Congress and the administration's objectives of linking all Americans via an information superhighway.

So many times this nation has spent too much time and money on programs and initiatives that just don't work. Why not stick with a partnership that has never in its 45 year history cost the taxpayers a cent in defaults or other program abuses. Today we can and should all proudly back something that is working -- the REA telephone loan program. We are willing, able, and in fact, already on the job. Thank you for your time and consideration.

RURAL TELEPHONE PROGRAM

WITNESS

JOHN F. O'NEAL, GENERAL COUNSEL, NATIONAL RURAL TELCOM ASSOCIATION

Mr. DURBIN. John F. O'Neal of the National Rural Telecom Association. How are you?

Mr. O'NEAL. I'm fine, Mr. Chairman, how are you?

Mr. DURBIN. Welcome back. Just fine.

Mr. O'NEAL. Thank you very much. I know the committee's time is extremely limited, and I will summarize my statement and be very brief as well.

It's a pleasure to appear before you again this year in support of the continuation of a strong REA telephone program.

For the record, I'm John F. O'Neal, General Counsel of the National Rural Telecom Association. The NRTA is composed of commercial telephone systems that borrow their capital needs from the rural electrification administration to extend and modernize telephone service in rural areas.

R.E.A. borrowers serve almost 6 million subscribers in 46 states. In accepting loan funds, REA borrowers assume an obligation to serve the widest number of people within their service areas. Almost $11 billion has been loaned for rural telephone communications infrastructure development, and through 1993, over $3 billion in principal has been repaid, and over $4 billion in interest has been paid by telephone borrowers.

I'm proud to report today that the REA telephone systems are doing the job that Congress asked of them, and they are doing it very well.

As you pointed out, and the other witnesses have mentioned, there has never been a default in the REA telephone program.

Despite that record and the President's recognition of the critical need for upgrading rural telecommunications infrastructure, the 1995 budget proposes to reduce loan levels and eliminate the new hardship program, contrary to the long-term agreement reached last year between Congress and the Clinton administration which was signed into law by the President in November as the REA loan restructuring act of 1993.

We believe that that agreement should be honored as well.

Last year's act re-targeted telephone loan assistance to meet the concerns which you voiced then, Mr. Chairman, and expressed again in this morning's hearing.

Telephone loans are prioritized and have been re-targeted. There is now an urban density restriction in the new hardship program, and the hardship cost of money and RTB lending programs now have density limits and maximum company financial tests for loan eligibility.

The new act significantly reduced telephone program costs from over $40 million per year to less than $13 million per year.

The new act also expanded the program's mandate, and corresponding loan demand in two important areas. It now includes towns up to 5,000 population, and also there is a plan to accelerate rural telecommunications modernization through the adoption of state plans.

Given the current and projected loan demand which I've detailed more thoroughly in my written statement, NRTA believes that hardship and cost of money loan levels should be established at the levels authorized in the loan restructuring act for fiscal year '95 in accordance with that long-term agreement, and also that RTB and guaranteed loan levels should be continued to fiscal year 1994 levels.

Also we are requesting as well that the authorizing provision enacted last year concerning interest rates for the Rural Telephone Bank be implemented in the fiscal year 1995 appropriations bill.

The REA telephone loan program is truly a program that is in step with the economic and political needs of our time. It represents an investment in rural infrastructure and rural jobs.

Sound investments which was pointed out this morning by Under Secretary Nash, form the basis for meaningful rural development.

The REA telephone program has a proud record, and I believe it has an unlimited future potential for our country.

Thank you very much for the opportunity to appear here today.

Mr. DURBIN. Mr. O'Neal, let me make sure I understand on this prioritization of loans. The situation that I described where a larger company would buy a rural telephone company, are you saying that's been resolved now so that the loans——

Mr. O'NEAL. Actually, Mr. Chairman, that situation is now reversed, as a matter of fact. We see increasingly large companies selling rural properties because, as was pointed out this morning in the hearing, companies—by Mr. Walsh, I believe—companies that have a choice where they are going to make their investments have a tendency to make those in the areas where they get the highest rate of return, and unfortunately that's in the urban areas.

And so they are selling their rural territories.

Mr. DURBIN. I can understand that phenomenon, but in a situation where a larger company has bought a rural telephone company, is there any prioritization of loans that takes into account the capital and credit of the larger telephone company?

Mr. O'NEAL. Yes, sir, there are financial tests both within the hardship criteria now, as well as the cost of money, and the Rural Telephone Bank where their maximum financial test know as tier test, if you exceed those, then you go to the higher interest rate program, which in this case would be the guaranteed loan program.

Mr. DURBIN. Okay, good. Any questions from the panel?

Mr. SKEEN. No questions, but Mr. Chairman, I think he stated the case accurately over there. It has been more of the case that rural telephone systems have been buying out other systems that belong to larger system operators because they were just not efficient enough, and just not remunerative enough to stay in business.

Mr. O'NEAL. That is particularly true in the west, Mr. Skeen, where U.S. Weston and also General Telephone Systems are selling their rural exchanges because they can't afford to upgrade them.

Mr. SKEEN. We have one area in the eastern part of New Mexico that it's all REA because all those cities were pulled together under that one aegis, and it is probably one of the best phone systems we've got in the whole state.

Mr. DURBIN. Good. Thanks, Mr. O'Neal.

Mr. O'NEAL. Thank you very much, Mr. Chairman.

[The information follows:]

STATEMENT PREPARED FOR THE SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FDA, AND RELATED AGENCIES OF THE HOUSE COMMITTEE ON APPROPRIATIONS

JOHN F. O'NEAL
GENERAL COUNSEL
NATIONAL RURAL TELECOM ASSOCIATION

March 8, 1994

SUMMARY OF TESTIMONY REQUESTS

Project involved:	Telephone loan programs administered by the Rural Electrification Administration
Actions proposed:	Supporting loan levels in the amounts authorized for FY 1995 in P.L. 103-129 for hardship and cost-of-money loans and a continuation in FY 1995 of the loan levels established in FY 1994 for the Rural Telephone Bank and guaranteed loan programs. Also supporting an increase in the subsidy cost of Rural Telephone Bank loans sufficient to implement sec. 408(e) of the Rural Electrification Act of 1936 as amended by P.L. 103-129. Opposing the President's request to eliminate hardship telephone loans and reduce loan levels in the Rural Telephone Bank and guaranteed loan programs.

Mr. Chairman, Members of the Committee:

My name is John F. O'Neal. I am General Counsel of the National Rural Telecom Association. Our association is comprised primarily of commercial telephone companies which borrow their capital needs from the Rural Electrification Administration to furnish and improve telephone service in rural areas. Approximately 1000, or 71% of the nation's telephone companies borrow from REA. About three-fourths of these are commercial telephone companies. REA borrowers serve almost 6 million subscribers in 46 states and employ over 28,000 people. In accepting loan funds, borrowers assume an obligation under the act to serve the widest practical number of rural users within their service area.

Program Background

Rural telephone systems have an ongoing need for long-term capital at affordable interest rates. Since 1949, that capital has been provided through telephone loan programs administered by REA. Telephone loans are made for telephone facilities related to the furnishing, improvement or extension of rural telecommunications service at the local level. Under the amendments adopted last year by Congress, a rural area is defined in the Act as an area not included within the boundaries of a city or town which has a population in excess of 5000 inhabitants.

REA loans are made exclusively for capital improvements, and loan funds are segregated from the borrower's operating revenues. Loans are not made to subsidize operating revenues or profits of the borrower system. There is a proscription in the Act against loans which would duplicate facilities, and state authority to regulate telephone service is expressly preserved.

Rural telephone systems operate at a severe geographical handicap when compared with other telephone companies. While almost 6 million rural telephone subscribers receive telephone service from REA borrower systems, they account for only four percent of total U.S. subscribers. On the other hand, borrower service territories total 37 percent of the land area -- nearly 1½ million squares miles. REA borrowers average about six subscribers per mile of telephone line and have more than 1,000 route miles of lines in their systems.

Because of low-density and the inherent high cost of serving these areas, Congress made loan funds available at reasonable rates of interest to assure that rural telephone subscribers, the ultimate beneficiaries of this program, have comparable telephone service with their urban counterparts at affordable subscriber rates. This principle is especially important and valid today as the United States endeavors to deploy the telecommunications "information superhighway" technology and as customers and regulators constantly demand improved services.

Mr. Chairman, continuation of a strong REA program is very important to rural America. This Committee and the Congress as a whole have strongly supported the REA telephone program since its inception in 1949. We appreciate your past efforts and look forward to an even stronger REA program for the future.

We are proud to state once again for the record that there has never been a default in the REA telephone program. All loans have been repaid in accordance with their terms with interest. At the end of 1993, a total of over $7.4 billion in principal and interest had been paid by borrowers.

Need For The REA Telephone Loan Program Continues

The need for the REA loan program is as great today as ever before, possibly even greater than in the past. Technological advances make it imperative that rural telephone companies upgrade their systems to keep pace with these improvements and provide the latest available technology to their subscribers.

If the rural infrastructure keeps evolving, the benefits for rural life and the rural economy will be impressive. Interactive optical fiber can provide education opportunities in even the smallest towns comparable to hiring many extra teachers, as existing distance learning programs prove. Using communications for medical diagnosis, monitoring and even treatments like heart defibrillation can help combat the shortage of doctors and the rash of rural hospital closings. Improved emergency services can save lives. For example, telephone systems are working to improve the ability of the 911 emergency system to recognize the location from which emergency calls originate to allow faster response. Businesses like telemarketing and insurance can thrive in rural areas, and telecommuting can become a realistic employment option. The REA programs are already providing financing for digital switches, more fiber between central offices and for school and medical communications facilities, helping rural communities to reap the benefits of technology.

In addition, rural Americans continue the struggle to revitalize their rural economies. In light of the fact that both Congress and the President have indicated that telecommunications enhancement is a significant part of such development, the need for affordable capital to finance technological upgrading is greater than ever.

The explosive pace of technological development offers new opportunities for rural America. New systems can take advantage of major breakthroughs in what computers can do and how much capacity and speed can be made available for data, voice or video transmissions. But falling behind metropolitan areas in infrastructure development could spell a dim, non-competitive future for small, rural communities.

These rapid technological changes and federal policies of competition and deregulation in the telephone industry underscore the continuing need for targeted assistance to rural areas. Also, the inherently higher costs to serve these areas have not abated. Regulatory trends towards encouraging competition among telephone systems increase pressures to shift more costs onto rural ratepayers. Interstate subscriber line charges of $3.50 have already shifted costs to customers. Pressures to recover more and more of the higher costs of rural service from rural customers to foster urban competitive responses will further burden rural consumers. And, as rural rates rise, small telephone systems will tend to lose confidence that they can recover the investments for costly network upgrades.

Expanded Congressional Program Mandate Under the Rural Electrification Loan Restructuring Act of 1993 (P.L. 103-129)

Considerable additional loan demand will be generated in the future because of two additional program mandates contained in the authorizing legislation enacted last year by Congress in P.L. 103-129 as amendments to the Rural Electrification Act of 1936.

First, Congress expanded the definition of a "rural area" to include towns up to 5000 population from the previous standard of 1500 population. It is not yet certain how significant this increase will be on program demand but, it will surely increase.

Second, as a prerequisite to eligibility for insured and Rural Telephone Bank loans, REA, in the next year, must approve a telecommunications modernization plan for each state which meets certain minimum statutory objectives for the deployment of modern telecommunications technology. Implementation of these plans will generate additional loan demand as REA telephone systems endeavor to meet these service objectives in the rural areas they serve.

Because of the expanded Congressional mandate, it is particularly important that loan levels not be reduced in FY 1995.

The amount of loan applications pending at REA is also indicative of the increasing demands. During the last two fiscal years, REA has averaged over $35 million per month in new loan applications. The attached chart indicating the current state-by-state status of telephone loan program applications shows that the overall amount has increased to almost $300 million in the first five months of FY 1994 despite loan approvals of $224 million during that same period. I know the Committee will agree that these figures, furnished by REA, coupled with the expanded Congressional program mandate amply demonstrate the ongoing need for this important program at current levels.

Rural Telephone Bank Interest Rate

P.L. 103-129 also sought to correct unintended consequences of credit reform legislation on the statutory calculation of the Rural Telephone Bank interest rate. New section 408(e) of Rural Electrification Act of 1936 provides:

> "(e) Loans and advances made under this section on or after November 5, 1990, shall bear interest at a rate determined under this section, taking into account all assets and liabilities of the telephone bank. This subsection shall not apply to loans obligated before the date of enactment of this subsection. Funds are not authorized to be appropriated to carry out this subsection until the funds are appropriated in advance to carry out this subsection.".

As indicated in this statutory provision, appropriations are required to be made in advance in order for the authorizing language to be effective. Under the Act, the Governor of the Rural Telephone Bank establishes the permanent interest rate on each year's loan advances immediately after the close of the fiscal year. We request that the committee include in the FY 1995 appropriations bill sufficient subsidy to implement this provision and, if appropriate, an amount specified for this provision to be effective in FY 1995 for loans advanced during FY 1994.

The Clinton Administration's FY 1995 Budget Proposal

The President's FY 1995 Budget proposed to reduce telephone program levels by $89 million (14.4%) and increase interest rates. Frankly, we are somewhat perplexed by this. Just last year, the Administration recommended *increasing* telephone program loan levels. And, this year's budget documents state:

> "Investments in upgrading rural telephone service are crucial if rural areas are to share in the growth of the information industry."

We agree with the President's quoted conclusion and believe that these investments will only be achieved through an adequately funded REA telephone program.

The budget specifically proposes to eliminate 5% hardship loans authorized last year. We oppose this proposal because the resulting increased interest costs would be passed on to rural ratepayers who are already burdened with increasingly high rates for service. Without the subsidized credit assistance provided by REA through the hardship program, even greater pressure would exist for rate increases to local subscribers in economically depressed areas. This subsidy cost of the hardship program represents the only cost to the taxpayer of the entire REA telephone program other than program administrative costs. It is our firm belief that the value of this assistance to rural ratepayers far outweighs the modest cost to the taxpayer.

This budget ignores the agreement negotiated last year between Congress and the Administration in which substantial program restructuring was undertaken in the authorizing legislation to achieve program savings in return for specified loan levels for 5 years. That agreement is embodied in an amendment to sec. 314 of the Act contained in P.L. 103-129. For FY 1995, telephone hardship loans at a 5% interest rate were authorized at $125 million and cost-of-money loans were authorized at $198 million both increased by an adjustment percentage in accordance with the statutory formula.

We believe this legislative agreement, signed into law on November 1, 1993 by the President as P.L. 103-129, should be honored. As a result of this agreement, subsidy costs in the insured program were reduced from approximately $44 million in FY 1993 to just under $13 million in FY 1994. At the authorized levels for FY 1994, over three-fourths of the entire telephone program now either approximates or exceeds the Treasury's cost-of-money.

We urge the Committee to reject these proposals and establish loan levels for the hardship and cost-of-money programs at the statutorily authorized levels. We request also that loan levels in the Rural Telephone Bank and guaranteed loan program be continued at FY 1994 levels ($199.8 million and $120 million respectively).

Conclusion

Thank you for the opportunity to present our association's views concerning this vital program. The REA telephone loan program works effectively and is doing the job Congress intended. It has a proud record and unlimited future potential for our country at a minimal cost to the taxpayer.

ATTACHMENT TO TESTIMONY OF NATIONAL RURAL TELECOM ASSOCIATION

UNAPPROVED REA TELEPHONE LOAN APPLICATIONS ON HAND AS OF MARCH 1, 1994*

STATE	NUMBER OF APPLICATIONS	$ AMOUNT OF APPLICATIONS
ALASKA	1	$ 16,053,000
ARKANSAS	1	3,707,700
ARIZONA	1	4,821,250
CALIFORNIA	1	2,592,000
COLORADO	1	980,450
GEORGIA	1	45,179,950
IOWA	1	5,063,100
IDAHO	1	10,781,900
ILLINOIS	2	9,742,350
KANSAS	1	2,338,950
KENTUCKY	2	41,373,800
LOUISIANA	3	21,058,300
MAINE	1	3,647,250
MICHIGAN	1	997,850
MONTANA	1	3,852,150
NEBRASKA	2	4,158,450
OKLAHOMA	2	3,866,500
OREGON	3	33,245,200
SOUTH CAROLINA	2	39,961,550
SOUTH DAKOTA	1	4,793,650
TEXAS	2	8,691,900
UTAH	1	4,354,150
WISCONSIN	1	1,077,800
WEST VIRGINIA	1	4,937,100
WYOMING	1	7,191,000
TOTAL	35	$284,467,300

*Source: Rural Electrification Administration

NOTE: In addition, during the first five months of FY 1994, the agency has approved, or is in the process of approving, new telephone program loans totaling over $224 million.

FORESTRY PROGRAMS

WITNESS

L. EARL PETERSON, NATIONAL ASSOCIATION OF STATE FORESTERS

Mr. DURBIN. Earl Peterson, from the National Association of State Foresters, is with us. Welcome.

Mr. PETERSON. Thank you, Mr. Chairman and members of the subcommittee. My name is Earl Peterson. I'm a state forester of the State of Florida here on behalf of the National Association of State Foresters.

The National Association of State Foresters represents the directors of state forestry agencies in the 50 states and three territories—Guam, Puerto Rico, and the U.S. Virgin Islands—along with the District of Columbia.

Collectively we manage 80 percent of the nation's forest resources, about 500 million acres of state and private forest land.

The primary goal of our organization is to assure management practices that ensures the sustainable and healthy quality forest and at the same time, increases its productivity.

The nation's forests are a renewable resource, capable of delivering multiple benefits to our nation and our society. Several programs of conservation, protection and research aimed at balancing management and protection of our forest lands have been funded by this committee.

Three of those include the Rural Community Fire Protection program, Forestry Incentive program, and Cooperative Forestry Research and Renewable Resource Extension programs.

N.A.S.F. continues to appreciate the committee's support in funding of these programs. Rural Community Fire Protection is a continued priority of our organization. Events over the past several years in California, Oregon and my state of Florida illustrate that the dangers posed to residents and firefighters in dealing with the urban/wildland interface issue continues to increase as more people settle in these areas.

Many of the rural communities depend totally upon rural these fundings as an augmentation of their programs where they place increased demands on them. A recent study showed that volunteer firefighters such as RVFD's save the nation billions of dollars each year because of their local funding and their volunteer efforts.

The RCFP program provides direct financial assistance to the disadvantaged areas as they seek to attract investors, and other opportunities for development which they cannot provide for themselves. It has been particularly beneficial to my state of Florida.

N.A.S.F. appreciates the increased support the administration has proposed for fiscal year 1995, however appropriated funds have flalen behind the needs of states and localities that could benefit from this program.

Only a fraction of the 26,000 local fire departments have received assistance through this program. NASF strongly urges this program be funded at its full authorized level of $7 million for the coming year.

Forestry Incentive programs—as the management of public lands shifts from commodity production, special efforst should ensure that the transfer of demand to non-federal lands doesnot accelerate deforestation.

The Forestry Incentive program is an existing program which helps meet this goal. The obstacles the small forest owner faces are many—significant cash outlay requirements, high interest rates, long-term commitments of cash, and unpredictable markets; and little if any investment protection.

Through cost-share, FIP provides incentives to forest landowners to improve forest management and help assure the reforestation and timber stand improvement takes place on non-industrial private forest lands.

Reforestation through this program help ensure future timber supplies, and also provides a variety of environmental benefit.

N.A.S.F. supports the funding of FIP at a level of $20 million for the fiscal year 1995. We also note that the program's authorization expires at the end of this year, and stress the need for the program to continue in the future. We would strongly recommend its reauthorization in the 1995 farm bill.

The Agricultural Conservation program provides cost-share assistance to landowners who implement practices that prevent soil erosion, protect water quality, and enhance forest resources. Under the forestry section of ACP, tree planting and seeding has taken place on more than 130,000 acres ofland. Although this represents a small percentage of the total ACP budget, these forestry practices make a substantial and enduring gain in soil and water conservation.

The 11 Great Plains states contain over 96,000 miles of field windbreaks that provide an irreplaceable green infrastructure for sustainable agricultural systems. Unfortunately, these are aging and 80 percent are 50 to 60 year-old windbreaks and are in the decline.

Modeled after a three-year windbreak renovation pilot project in North Dakota, we support funding under the ACP for a five year windbreak renovation initiative targeted in 11 states—Colorado, Iowa, Kansas, Minnesota, Montana, Nebrask, North Dakota, Oklahoma, South Dakota, Texas and Wyoming.

We recommend the ACP be funded at a continuing level of $195 million for 1995. Of this amount, $6.4 million will be dedicated to this new effort.

The Renewable Resource Extension Act—the Renewable Resource Extension Act program facilitates the transfer of needed forestry technology to private non-industrial landowners as well as industries and small business engaging in forest management activities.

We recommend continued support funding of this program for $7 million for 1995.

Sustainable Natural Resource Mangement. We joined our partners in supporting the funding of the proposed initiative for sustainable natural resource management. Specifically, extension education can help provide landowners to identify and improve their selection of forest management options, and thereby improve their activity in several areas.

They would focus on areas of enhanced productivity and integrated forest stewardship; forest products processing; and understanding natural resource policies.

N.A.S.F.'s initital appropriation of $6 million for this effort is recommended for 1995.

Thank you, Mr. Chairman.

Mr. DURBIN. Well, thank you for your testimony, and I think you pointed to some interesting linkage between soil conservation efforts and forestry programs.

Mr. PETERSON. There is indeed that, in that it is a joint effort that we all must participate in with our partners and the other agencies.

Mr. DURBIN. This is amazing when you say that the CRP, the Conservation Reserve program is responsible for planting over 2.4 million acres of trees in the United States since 1986, larger than the tree planting under either the Civilian Conservation Corps or the Soil Bank programs.

Mr. PETERSON. That is true.

Mr. DURBIN. That's incredible.

Mr. PETERSON. A very effective program.

Mr. DURBIN. I'm glad you brought that and your testimony to our attention.

Any questions from the panel?

Thanks for joining us today.

[The information follows:]

NATIONAL ASSOCIATION OF STATE FORESTERS
444 North Capitol Street, NW Suite 540 Washington, D.C. 20001 202/624-5415

Testimony

Submitted by the

National Association of State Foresters

to the

House Appropriations Committee
Subcommittee on Agriculture

March 8, 1994

L. Earl Peterson
Florida State Forester

The National Association of State Foresters represents the directors of the State forestry agencies from the fifty States and three U.S. territories (Guam, Puerto Rico and the U.S. Virgin Islands), as well as the District of Columbia. Collectively, our members are responsible for the protection and management of 80 percent of the Nation's forest resource -- about 500 million acres of State and private forest land. NASF thanks the committee for its continued support of forestry related programs in previous years, and we share your commitment to making forestry an integrated part of reinvigorated rural economies.

A primary goal of the NASF is to ensure that management practices that ensure the sustainable health and quality of the land while at the same time increasing it's productivity, are carried out on America's non-industrial private forest (NIPF) lands. The Nation's forests are a renewable resource, capable of delivering multiple benefits if managed wisely and with the future in mind. There are several federal programs in place that assist us in working towards this goal.

Several important conservation, protection and research programs aimed at achieving balanced management and protection of our forest resources have been funded through this committee. These include the Rural Community Fire Protection (RCFP), Forestry Incentive (FIP), Cooperative Forestry Research and Renewable Resource Extension programs. NASF continues to support funding for these and several other programs and requests that the committee continue this support in Fiscal Year (FY 1995).

Rural Community Fire Protection Program (RCFP)
The Rural Community Fire Protection Program is a continuing priority of the National Association of State Foresters. Events over the past several years in California, Oregon and in my State of Florida, illustrate that the dangers posed to residents and firefighters in dealing with the wildland/urban fire interface continue to increase as more people settle in these areas. Many of these rural communities depend upon rural volunteer fire departments (RVFD's), who often lack adequate training, equipment, and organization to deal with the demands placed upon them. A recent study showed that volunteer firefighters, such as those in RVFD's, save the nation billions of dollars each year. The RCFP program provides direct financial assistance to RVFD's to meet these needs. Moreover, these communities will continue to be disadvantaged as they seek to attract investors and other opportunities for development if they cannot provide adequate fire safety.

NASF appreciates the increased support the Administration has proposed for this program in FY 1995. However, appropriated funds have fallen behind the needs of the States and localities that could benefit from this program. Only a fraction of the 26,000 RVFD's have received assistance through this program. NASF strongly urges that this program be funded at it's full authorization level of $7 million for the coming fiscal year.

Forestry Incentives Program (FIP)
As management of public forest lands shifts away from commodity production, special efforts should be made to ensure that the transfer of demand to non-federal lands does not lead to accelerated deforestation. The Forestry Incentives Program (FIP) is an existing program which can help meet this challenge. The obstacles the small forest owner faces when considering reforestation are clear; significant cash outlays, high interest rates, long-term commitment of cash, unpredictable markets, and little, if any, investment protection. Through cost-share assistance, FIP provides incentives to forest landowners to improve forest management and helps to assure that reforestation and timber stand improvement take place on non-industrial private forest lands.

Reforestation through FIP helps ensure future timber supplies, and also provides a variety of environmental benefits, including soil and water protection, and wildlife habitat. Approximately 175,000 acres were planted in trees under the Forestry Incentive Program in Fiscal Year 1993.

NASF supports the funding of FIP at a level of $20.0 million for Fiscal Year 1995. We also note that the program's authorization expires at the end of the Fiscal Year, and stress that the need for this program will certainly continue in the future. We will strongly recommend its reauthorization in the 1995 Farm Bill.

Agricultural Conservation Program (ACP)
The ACP provides cost-share assistance to landowners who implement practices that prevent soil erosion, protect water quality, and enhance forest resources. Under the forestry section of ACP, tree planting and seeding has taken place on more than 130,000 acres of land. Although this represents only a small percentage of the total ACP budget, these forestry practices make a substantial and enduring gains in soil and water conservation.

The 11 Great Plains states contain over 96,000 miles of field windbreaks that provide an irreplaceable 'green infrastructure' for sustainable agricultural systems. Unfortunately, these are aging and nearly 80 percent of 50-60 year-old windbreaks are in decline. Modeled after a three-year windbreak renovation pilot project in North Dakota, NASF supports funding under the ACP (SL7 Field Windbreak Renovation and Establishment) for a five-year Windbreak Renovation Initiative targeting 11 states (Colorado, Iowa, Kansas, Minnesota, Montana, Nebraska, North Dakota, Oklahoma, South Dakota, Texas and Wyoming). This would provide an excellent opportunity for strengthening partnerships between the Soil Conservation Service, State Foresters, State Conservationists and the U. S. Forest Service.

NASF recommends that the ACP be funded at a continuing level of $195.0 million for Fiscal Year 1995. Of this amount, $6.4 million would be dedicated to a new effort, the Great Plains Windbreak Renovation Initiative, which aims to renovate 5,787 miles of aging windbreaks in the eleven Great Plains States over the next five years.

Conservation Reserve Program (CRP)
The Conservation Reserve Program is responsible for the planting of over 2.4 million acres of trees in this country since 1986 -- making it larger than tree planting under either the Civilian Conservation Corps or the Soil Bank programs. CRP trees have been planted in 41 states, and comprise over 50 percent of the CRP covers planted in nine states. The South accounts for 90 percent of CRP tree acres, with the remaining 10 percent equally divided between the Lake States and the rest of the United States.

Studies have shown that 80 percent of the acres planted to trees under the Soil Bank program are in trees today, while only 2 percent have been converted to cropland and 5 percent to pasture. The program has demonstrated it's effectiveness in reducing both soil erosion and surplus agricultural commodities; in addition, acres planted to trees will provide long-term production and other environmental benefits for many years to come.

NASF supports the Administration's request for the Conservation Reserve Program.

Cooperative Forestry (McIntire/Stennis) Research
In his "Vision of Change for America", President Clinton recognized the importance of a strong forest resource research program. This complements well the National Research Council's study "Forest Research: A Mandate for Change: which recommends strengthening and enhancing current forestry research programs throughout the country. NASF has worked closely with other partners from the forestry community to develop and implement a cooperative efforts known as the Forestry Research Initiative. As part of this initiative, university funding would be largely directed to problems of state, local and private ownerships.

University based research is an important part of the collaborative research effort involving federal, state and industry scientists; it is critical to the creation of new technologies designed to increase the efficiency and productivity of forest management. Cooperative (McIntire/Stennis) Research funding provides assistance on a matching basis to land grand colleges, agricultural experiment stations and other public colleges and universities offering forestry education. These unique partnerships bring together scientists from many disciplines which has contributed greatly to the productivity and health of our Nation's forests.

NASF recommends that funding for this program be increased to $28 million for Fiscal Year 1995. We believe this level of funding will ensure the continued effectiveness of this program in strengthening the role of technology in the effective, multiple-use management of our Nation's forest resources.

National Research Initiative
The competitive grants program funded through the National Research Initiative of the USDA has become an increasingly important program for forest scientists. The Initiative awards grants on a competitive basis, aiming to tap into the opportunities presented by modern biological, environmental and engineering sciences to address critical problems in agriculture and forestry. Research activities funded through this program will improve our understanding of how forestry and agriculture can better manage our resources and protect the environment. These funds provide a stable and long-term applied research program that is able to address specific forest science issues and concerns.

NASF recommends that the National Research Initiative be funded at $150 million for Fiscal Year 1995, with at least 20 percent of these funds directed towards Natural Resource Management research.

Renewable Resources Extension Act (RREA)
The Renewable Resources Extension Act program helps support the Nation's need for continuous supplies of forest resources, both commodity and non-commodity. This program facilitates the transfer of needed forestry technology to private non-industrial forest landowners, as well as to industries and small businesses engaged in forest management. This program provides education to groups most actively involved in managing forest, range, and related lands. The education provided through such programs as the Logger Education to Advance Professionalism (LEAP) is a critical part of the effort to achieve sustainable, productive use of our Nation's private forest lands.

Although the program continues to be funded significantly below it's authorized level, it has been very successful at leveraging funds from States and localities to promote range, wildlife, recreation and education programs. The NASF continues to support funding for this program at $7 million for Fiscal Year 1995.

Sustainable Natural Resource Management
This initiative is intended to complement the Renewable Resources Extension program by providing operational support. Specifically, extension education can improve the selection of forest management options favoring both sustainability and productivity. The proposed program would focus on three issue areas: (1) enhancing productivity and integrated forest stewardship, (2) forest products processing, and (3) understanding natural resource policies. The first of these emphasizes new approaches to commodity and non commodity forest resource values and environmental stewardship. The second addresses new products, technologies and the development of expanded markets. The third recognizes the need for understanding policy alternatives at all levels of government.

NASF supports an initial appropriation of $6 million for this initiative in FY 1995.

Agriculture Appropriations
Forestry Related Programs
($ in millions)

	Final FY 94	Admin. FY 95	NASF FY 95
Agricultural Stabilization & Conservation Service			
Agriculture Conservation (ACP)*	194.4	100.0	195.0*
Conservation Reserve (CRP)	1,743.0	1,752.0	1,752.0
Forestry Incentives (FIP)	12.8	6.6	20.0
Farmers Home Administration			
Rural Com. Fire Protection (RCFP)	3.5	5.0	7.0
Extension Service			
Renewable Resources Ex. (RREA	3.3	3.3	7.0
Sustainable Nat. Res. Mgmt.			6.0
Cooperative State Research Service			
Cooperative (Mc/Stennis) Forestry Research	20.8	20.8	28.0
National Research Initiative**	112.2	130.0	150.0**

* *NASF recommends that $6.4 million be targeted to the SL 7 practice (Field Windbreak Renovation and Establishment) for a Great Plains Windbreak Renovation Initiative in 11 states (CO, IA, KS, MN, MT, NE, ND, OK, SD, TX and WY)*

** *NASF recommends that at least 20% of NRI appropriated funds be directed towards Natural Resource Management/research..*

RURAL HOUSING PROGRAMS AND FOOD STAMPS

WITNESS

RANDALL McCAIN, AMERICAN ASSOCIATION OF RETIRED PERSONS

Mr. DURBIN. Randall McCain of the American Association of Retired Persons.

Mr. McCAIN. Thank you.

Mr. DURBIN. We are always glad to have your testimony.

Mr. McCAIN. Thank you, sir.

Mr. DURBIN. We will enter it into the record.

Mr. McCAIN. I have a few brief statements.

Mr. DURBIN. Now's your chance.

Mr. McCAIN. Thank you, Mr. Chairman. My name is Randall McCain and I'm with the American Association of Retired Persons, and it is a pleasure to be able to be before this subcommittee again to make the case for programs for housing for the rural elderly.

Before retiring from the federal government, I was rural housing chief for the Farmers Home Administration in Arkansas. I saw firsthand how these programs work, and I know what a difference they can make, Mr. Chairman.

This is particularly true in the case of the Section 504 very low income home repair grant program. Funds in this program are used to remove safety and health hazards, or to install basic necessities in the housing such as indoor plumbing and roof repairs and things of that nature.

I will touch briefly on some examples of this in a minute, but Mr. Chairman, first I want to thank you for the additional resources of Section 504(c) of this year. I know these extra funds will help eleviate the backlog of applications through the Farmers Home Administration offices.

A.A.R.P. recommends a current services budget for Section 504 grant for next year. We also recommend an inflation adjustment for Section 504 loans.

Getting back to some of the examples on how Section 504 works, Mr. Chairman, one case comes to mind that I discussed earlier today when I was talking to Congressman Thornton, and appreciated the opportunity to meet with you, sir.

And it was the case of an elderly couple who lived in a rural area, an isolated area of Lawrence County. The man was required to have crutches to get around on, and they had a well that was located on a creek bank about 100 yards from the home, and the house was in need of repair.

We were able at that time to put a pump in the well so they could have water in the house, to put a roof on the house, install a bathroom or a sanitary facility, and that's the type of program that the 504 program is used, how it is used in our state of Arkansas, and I'm sure all over the country.

Another case was Ms. Pearl, a lady in her 80's who lives in Dover, Arkansas. Ms. Pearl, her house, she had lived there about 45, 50 years. It had gone down considerably and it was very much in need of multiple repairs.

She was able to—the agency went there and with the help of her relatives and some of her friends, they were able to, for $5,000, to totally rehabilitate the house, put a new roof on it, jack the house up, put new foundation timbers under it, and Ms. Pearl continues to live as an independent person there and able to survive in a nice, decent home.

Mr. Chairman, I also wanted to put in a plug for the Section 515 rural housing program. This is another very vital and critical program for low-income elderly. In fact, more than half of all Section 515 households are either elderly or handicapped.

We are recommending at least an inflation adjustment next year in the 515 program.

A very important recent development that's been taking place in the 515 housing program for the rental housing has been the inclusion of congregant facilities so that people who are living in these apartments become older, they won't have to go at a fast pace into another situation such as a nursing home.

These congregant facilities permit people to live there much longer than it would be otherwise, and this is something that is developing and the AARP supports this very strongly.

Mr. Chairman, thank you for giving AARP this opportunity to testify, and I appreciate being here today to do so.

Mr. DURBIN. Thank you for your testimony. Mr. Foster here has notified me that he is a member of your organization. [Laughter.]

Mr. DURBIN. We think that he falsified his age, so we are not——

Mr. MCCAIN. Mr. Thornton admitted that he was a while ago.

Mr. DURBIN. Well, Mr. Foster started that when he was 14, and he got caught up in it and never changed. [Laughter.]

Mr. MCCAIN. Thank you, sir.

Mr. DURBIN. So he may not be eligible. Thanks for your testimony. Any questions?

Mr. THORNTON. Yes. Mr. Chairman, let me express my appreciation to Mr. McCain for his testimony and of the experience and wisdom that he brings to the committee. I value that very much, and thank you for your recommendation.

Mr. MCCAIN. Thank you, Mr. Thornton, I appreciate it.

Mr. DURBIN. Thanks for joining us.

Mr. MCCAIN. Thank you, Mr. Durbin.

[The information follows:]

AARP

Bringing lifetimes of experience and leadership to serve all generations.

STATEMENT

OF

THE AMERICAN ASSOCIATION OF RETIRED PERSONS

ON

APPROPRIATIONS FOR THE DEPARTMENT OF AGRICULTURE FOR FISCAL YEAR 1995

PREPARED FOR THE

SUBCOMMITTEE ON RURAL DEVELOPMENT, AGRICULTURE,
AND RELATED AGENCIES

of the

COMMITTEE ON APPROPRIATIONS

UNITED STATES HOUSE OF REPRESENTATIVES

March 8, 1994

American Association of Retired Persons 601 E Street, N.W. Washington, D.C. 20049 (202) 434-2277
Lovola W. Burgess *President* Horace B. Deets *Executive Director*

Mr. Chairman, I am Randall McCain, Arkansas State Housing Coordinator for the American Association of Retired Persons (AARP). I am also the former rural housing chief of the U.S. Farmers Home Administration in Arkansas as well as the former Director of the State Office on Aging. We appreciate this opportunity to comment on the housing and economic circumstances of rural older people. AARP's recommendations may be summarized as follows:

- Maintain current services level of funding for the Section 504 home repair grant program;
- Maintain current services level of funding for the Section 515 rental housing program with special emphasis on congregate facilities for the frail elderly;
- Provide funding for the migrant/homeless program; and
- Fund Food Stamp Outreach activities at the $5 million authorized level.

POVERTY AMONG RURAL OLDER PEOPLE

Some of the nation's most persistent economic, housing, and health problems are concentrated in rural areas among older people. In 1990, older people living in nonmetropolitan areas had a poverty rate of 16.1%, compared with 8.1% for those living in the suburbs and 14.6% for those living in central cities.

Economic problems are particularly severe among older rural women living alone and among minorities. When these factors are combined, poverty is nearly universal. In 1987, 80% of older black women living alone in rural areas had incomes below the poverty line. Among all rural blacks, the poverty rate in 1990 was 46.5%. Especially hard-pressed by rural poverty is the southern U.S., where the nine states with the highest rates of poverty for older people are all located.

In addition to problems associated with low incomes, older persons in rural areas have much less access to needed services. The lack of services in rural areas has driven many older people to give up their homes and relocate to areas and facilities where services are available.

The Association urges special attention to the plight of older migrant and seasonal farmworkers. Working and living conditions, which are generally bad for farmworkers of all ages, are abysmal for older farmworkers. Earnings for farmworkers over age 65 who are engaged in only farmwork averaged only $3227 in 1987, and many receive no Social Security or other benefits. Not surprisingly, farmworkers often experience problems characteristic of the elderly before reaching their fiftieth birthday. Disability levels are high -- 44.5% of farmworker families include a disabled member according to one federal study. Unfortunately, access to needed services has often been blocked by prejudice, language barriers, and a lack of outreach.

To address the problems associated with poverty among rural older people, our recommendations will focus on two areas under the jurisdiction of this Subcommittee: rural housing and food stamp outreach.

RURAL HOUSING

One result of high rates of rural impoverishment is a striking concentration of housing problems among rural older people. Data from the 1987 American Housing Survey indicate that 45% of older people living in severely inadequate housing reside in rural areas, though only 16% of all older households live in rural areas. In all, 13% of all nonmetropolitan housing units occupied by older people in 1985 were substandard.

Recognizing these problems, Congress authorized a significant increase for the Section 504 home repair grant program in the National Affordable Housing Act of 1990. Despite the program's record of success, funding levels have not matched the need. In 1980, over 8,000 older families were assisted by this program, a number that shrank to 3,637 last year. The Farmers Home Administration reports that, at the end of FY 1993, a backlog of 7,357 eligible applicants were waiting for Section 504 grants.

The Association deeply appreciates the Subcommittee's support of this program. The current appropriation of $25 million is a significant increase over prior funding levels and will help alleviate the backlog. Farmers Home Administration staff report that more than half of the FY 1994 appropriation has already been obligated. AARP recommends an inflation adjustment for this critical program. We also recommend that the Section 504 loan activity be adjusted accordingly.

A June 1990 FmHA survey indicated that there were roughly four times as many applications for Section 515 housing as could be funded, indicating the degree of unmet need in rural areas. AARP recommends that funding for the Section 515 program be maintained at a current services level, with stronger priority given to serving previously underserved areas and populations such as older farmworkers.

The Association further recommends that congregate facilities be encouraged both in new projects and through retrofitting of existing projects. Because of the scarcity of social services in many rural communities, congregate housing programs that provide nonmedical services such as meals, housekeeping, and transportation can be especially crucial to the independence of frail older people in rural areas. Unfortunately, a study by Farmers Home identified the lack of services and management personnel as obstacles to expanding the congregate housing program. We urge that the Secretary be requested to develop a plan of action for utilizing programs under the jurisdiction of the Department of Agriculture -- such as FmHA community facilities, nutrition, homemaker, transportation, and other programs -- and other agencies to facilitate services provision in congregate projects both to residents and to older people in the surrounding community.

Finally, AARP urges greater attention to programs providing affordable housing to remote rural areas and areas with large concentrations of underserved populations such as older and disabled farmworkers. We support the set-aside of funds for underserved rural areas as included in the National Affordable Housing Act. In addition, the Association supports funding for the program for migrant workers and rural homeless people. Migrant workers tend to be older than other farmworkers and are more likely to be minorities with extremely low incomes.

FOOD STAMP OUTREACH ACTIVITIES

Many older people in rural areas also suffer from nutrition-related health problems because they are economically unable to maintain a good diet. All too often, these individuals are forced to limit food purchases in order to manage the increasing costs of other necessities such as medical care, housing, and energy. Food Stamp benefits can be a lifeline for such families but participation rates remain low due to a lack of information about the program or distance from Food Stamp offices. The social and physical isolation of rural older people makes outreach activities difficult but all the more critical in rural areas.

A pilot program initiated by AARP four years ago demonstrates that Food Stamp Outreach can make a big difference in linking eligible low-income older people with needed benefits. As a result of stationing eligibility workers at one senior center in Memphis, Tennessee, 113 new applications were filed. A three-hour "phone-a-thon" in Cleveland, Ohio produced inquiries from 400 people, the majority of whom were referred to the local Food Stamp office. Bilingual/bicultural workers and materials were successfully used to reach rural, older Hispanic families in

Las Cruces, New Mexico. The evaluation of AARP's rural outreach project revealed important information about the complexities of outreach in rural settings, particularly in the area of information dissemination, target populations, relative poverty differences, the impact of various outreach techniques, and availability of volunteers.

AARP recommends $5 million for outreach activities next year. A relatively small amount of money for such an effort can make a large difference in the lives of needy families.

Thank you again for the opportunity to present our views on rural housing and food stamps. We look forward to working with the Subcommittee to improve the lives of rural Americans of all ages.

RURAL WATER SYSTEMS

WITNESS

LEE ORTON, NATIONAL GROUND WATER ASSOCIATION

Mr. DURBIN. Lee Orton of the National Ground Water Association. Welcome.

Mr. ORTON. Thank you, Mr. Chairman, members of the committee. My name is Lee Orton. I'm here today representing the National Ground Water Association.

N.G.W.A. was founded in 1948. It's a non-profit professional society and trade association and represents the ground water industry. We have more than 25,000 members in all 50 states, and in nearly 70 nations around the world, and we represent the world's leading ground water scientists, ground water contractors, ground water manufacturers and suppliers of ground water-related products and services.

Because of our expertise in the ground water field, we believe we can provide some insights and recommendations that may increase the effectiveneess of community water facility loan and grant programs which are now within the Department of Agriculture's rural development administration.

We want to work with this subcommittee and with the Department of Agriculture to help modify the programs so that they can conform with the realities of new technology, societal and federal budgetary constraints.

N.G.W.A. generally supports the efforts of the Department of Agriculture to fund the development of systems aimed at providing rural water for all Americans. We also believe, however, that the department can and should develop an improved methodology to ensure that the money spent in this program is expended in the most cost- effective manner possible.

Our years of experience in this industry have taught us that there is no single best answer for how to deliver water supply to rural residents. Unfortunately, the Department of Agriculture does not have an adequate mechanism in place to explore all of the potential options for supplying drinking water to rural Americans.

We believe various delivery options can and should be investigated more systematically prior to the department making affirmative funding decisions.

N.G.W.A. would be interested in working with you and ultimately the Department of Agriculture to explore how to insure that all appropriate options are considered and federal rural water systems development money is used most effectively.

In a mint of diminished federal budget resources, it seems only prudent that we try to stretch that dollar, what dollars are available to us and invest them in the most cost effective manner possible.

The department may want to consider requiring all applicants for loans or grants to certify through a cost/benefit analysis that a community-owned central system is the most inexpensive method of delivering drinking water over both the short-term, let's say the next two years, as well as the long-term for the 15 or 20 years hence.

Another concern we have with the current program deals with potential disincentives for engineering firms preparing the preliminary engineering report to consider the least costly method of drinking water delivery.

As you know, the Department of Agriculture currently requires applicants for community water facility loans and grants to submit a preliminary engineering report concerning that proposed project. These studies routinely investigates issues such as the status of existing facilities, the need for the project, alternatives considered, and the recommended alternative suggested.

It is also our understanding that these feasibility studies become one of the major variables used in the department's funding decision.

Currently the engineering firm submitting the preliminary engineering report on the need for the system may well be the same firm that ultimately does the design and construction inspection work, if a community-owned system is funded.

This situation creates a potential conflict of interest or at least the appearance of one. The department should strive to eliminate this problem.

To ensure that the community facility water grant and loan funds are invested in the most cost-effective manner, the department should establish a system that allows it to indepedently and systematically explore all options for delivering water to rural citizens.

Questions that should fully be explored prior to funding include is a community-owned water system the most cost-effective approach for providing safe drinking water to an area, and secondly, if a community-owned system is the best approach, should delivery be done through a central system?

For this reason, we recommend that the subcommittee encourage the department to conduct feasibility studies that determine the least expensive way to deliver water to rural residents, and then to ensure that design and construction oversight work are awarded to firms unaffiliated with the company that conducted the initial feasibility study.

N.G.W.A. is very grateful for the opportunity to share our views here today with this subcommittee. We believe if the department incorporates these suggestions, it will improve the operation of the program and ensure scarce federal resources are invested prudently and wisely.

We stand ready to work with the subcommittee and with the rural development administration to share our expertise about ground water and to help implement these and other ideas to improve the operation of the program.

Thank you, Mr. Chairman.

Mr. DURBIN. Mr. Orton, let me make sure I understand your testimony. If you don't go with the community-owned water system, is the alternative well water? Is that what you're talking about?

Mr. ORTON. That's at least one of the alternatives, yes, sir.

Mr. DURBIN. What would be some other alternatives?

Mr. ORTON. Well, there could be some other kinds of coordinated systems, I would suspect, as well, and I don't know that I could even detail all of those for you, but there has to be a wide range of options all the way from the individual well, to a total, complete community system.

Mr. DURBIN. So you're saying that there's a prejudice against the individual well and a prejudice toward the community system that seems to be built into the administration of this program.

Mr. ORTON. That may well be the case sometimes, although you need to understand, Mr. Chairman, there are obviously places in this country where the proper decision is a community system.

Mr. DURBIN. Okay, fine. Any questions from the subcommittee?

Mr. SKEEN. I have one, Mr. Chairman.

Mr. DURBIN. Sure, Mr. Skeen.

Mr. SKEEN. Mr. Orton, do you know or to your knowledge, has RDA or FmHa implemented any systems, centralized systems when it would have been better off to go with individualized well drills?

Mr. ORTON. Well, we hear stories about those kinds of implementations. I don't know that I could give you a lot of examples, sir. We could give you some information about a specific instance where one was proposed, but ultimately decided against because of a very strong ardent effort.

Mr. SKEEN. The centralized system was proposed.

Mr. ORTON. Yes, it was proposed, and it was ultimately defeated because the individual well approach was the better alternative, but it got all the way to the final decision-making process before that was stopped.

I could give you some examples of those kinds of situations, and I am sure there are lots of others around. I can't give you specific details about them at this point.

Mr. SKEEN. The reason I asked the question is because of the feasibility studies and just how effective that they've been in making these determinations, and how thorough they are as far as checking all of the elements and aspects of the development.

Mr. ORTON. It is difficult to say just how effective they have been in all cases. I know there are obviously instances where they have looked at these options and alternatives. I know there are also probably some instances where they've not looked at them satisfactorily at this point.

Mr. SKEEN. I thank you for your responses. Thank you, Mr. Chairman.

Mr. ORTON. Thank you, sir.

Mr. DURBIN. Thanks a lot, Mr. Orton.

[The information follows:]

national
ground water
association
PROVIDING AND PROTECTING
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STATEMENT

OF

LEE ORTON

PRESENTED ON BEHALF OF

NATIONAL GROUND WATER ASSOCIATION

BEFORE

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION,

AND RELATED AGENCIES SUBCOMMITTEE

OF THE

APPROPRIATIONS COMMITTEE

U.S. HOUSE OF REPRESENTATIVES

MARCH 8, 1994

Good morning Mr. Chairman, Members of the Subcommittee, my name is Lee Orton, and I am here today representing the National Ground Water Association (NGWA).

NGWA, founded in 1948, is a nonprofit professional society and trade association for the ground water industry. Our more than 25,000 members from all fifty states and nearly seventy nations include the world's leading ground water scientists, ground water contractors, manufacturers, and suppliers of ground water-related products and services.

Because of our expertise in the ground water field, we believe we can provide some insights and recommendations that may increase the effectiveness of community water facility loan and grant programs within the Department of Agriculture's Rural Development Administration. We want to work with the Subcommittee and the Department to help modify these programs to conform with the realities of new technical, societal, and federal budgetary constraints.

NGWA generally supports the efforts of the Department of Agriculture to fund the development of systems aimed at providing water for rural Americans. We also believe, however, the Department can and should develop an improved methodology to ensure that the money spent in this program is expended in the most cost-effective manner possible.

Our years of experience in this industry have taught us that there is no single best answer for how to deliver drinking water to all rural residents. Unfortunately, the Department of Agriculture does not have an adequate mechanism in place to explore all the potential options for supplying drinking water to rural residents. We believe various delivery options can and should be investigated more systematically prior to the Department making affirmative funding decisions.

NGWA would be interested in working with you and ultimately the Department of Agriculture to explore how to insure that all appropriate options are considered and federal rural water system development money is used most effectively. In a time of diminished federal budget resources, it seems only prudent that we try to stretch what dollars are available and invest them in the most cost effective manner possible.

The Department may want to consider requiring all applicants for loans or grants to certify through a cost/benefit analysis that a community-owned central system is the most inexpensive method of delivering drinking water over both the short term, say one to two years, as well as the long term, fifteen to twenty years.

Another concern we have with the current program deals with the potential disincentives for engineering firms preparing the preliminary engineering report to consider the least costly method of drinking water delivery.

As you know, the Department of Agriculture currently requires applicants for community water facility loans and grants to submit a preliminary engineering report concerning the proposed project.

These studies routinely investigate issues such as the status of existing facilities, the need for the project, alternatives considered and the recommended alternative It is our understanding that these feasibility studies become one of the major variables used in the Department's funding decisions.

Currently, the engineering firm submitting the preliminary engineering report on the "need for the system" may be the same firm that ultimately does the design and construction inspection work, if a community-owned central water system is funded. This situation creates a potential conflict of interest, or at least the appearance of one. The Department should strive to eliminate this.

To ensure that the community facility water grant and loan funds are invested in the most cost-effective manner, the Department should establish a system that allows it to independently and systematically explore all options for delivering water to rural citizens. Questions that should be fully explored prior to funding include "Is a community-owned water system the most cost effective approach for providing safe drinking water to this area? and "If a community-owned system is the best approach, should delivery be done through a central system?".

For this reason, we recommend that the Subcommittee encourage the Department to conduct feasibility studies that determine the least expensive way to deliver water to rural residents and then ensure that design and construction oversight work is awarded to firms unaffiliated with the company that conducted the initial feasibility study.

NGWA is grateful for the opportunity to share our views with the Subcommittee. We believe if the Department incorporates these suggestions it will improve the operation of the program and ensure scarce federal resources are invested prudently and wisely. We stand ready to work with the Subcommittee and the Rural Development Administration to share our expertise about ground water and to help implement these and other ideas to improve the operation of the program.

RURAL DEVELOPMENT

WITNESS

ALICEANN WOHLBRUCK, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS

Mr. DURBIN. For the National Association of Development Organizations, Aliceann Wohlbruck. Thank you for joining us today.

Ms. WOHLBRUCK. Mr. Chairman. I am Aliceann Wohlbruck. I'm the executive director of the National Association of Development Organizations. Our members are regional development organizations serving small cities and rural counties, and they are known as development districts, councils of government, regional planning councils, and they are public purpose institutions that work with local governments in the private sector to improve rural economic opportunities and the quality of life in our small cities in rural areas.

I included a copy of an economic development digest that is published by our research foundation so you would have a map and see the coverage in most of your districts of these kinds of organizations.

I want to thank you, Mr. Chairman, and this subcommittee because over the years you have supported rural economic development programs even when they weren't popular, and I think they are very important.

Non-agricultural jobs provide 90 percent of rural employment, and even on family farms, 60 percent of the total income is from non-farm sources, so we are pleased to see the President's budget requesting increases for the rural development programs that our members have told us are the most important for building communities and creating jobs.

I just would like to talk about the three most important programs that our members have seen in the President's budget proposal.

These are three programs that give direct assistance to rural communities and rural businesses to improve the quality of life and the quality of jobs—the technical assistance and planning program, the intermediary re-lending program, and the solid waste technical assistance.

The administration has recognized the need for federal assistance to promote rural economic development strategies at the local level by requesting $5 million for technical assistance and planning grants.

N.A.D.O. members have made funding for this program a top priority and we would urge you to provide this funding as requested by the President.

Currently, USDA provides no funding to help rural communities to develop long-term development strategies, or implement technical assistance programs directly relating to their local economy, and we believe that funding for this technical assistance and planning programs will give much needed assistance for small towns in rural counties to move ahead, make long-term strategies.

Secondly, the majority of local government-based rural regional organizations also provide business development financing programs. Over 165 of our members administer revolving loan funds with grants from the economic development administration, and most of these organizations also serve as certified development companies under the SBA 504 program.

When the intermediary re-lending program was created in 1988, many of these regions also began serving as intermediaries for this important program, and there are currently 140 IRP intermediaries.

This program leverages a minimum of 25 percent non-federal investment, and currently has a zero delinquency rate, so we are happy to support the increase requested by the administration.

And finally, in addition to economic development strategies, many rural officials are recognizing the need for a regional approach to solid waste and other environmental problems.

Although the federal government mandates solid waste disposal standards, they provide virtually no funding for local planning to meet these requirements, and I know you've been hearing a lot about mandates in the last few weeks.

So we request, we are very pleased to see this program as funded, but we think that a minimum of $25 million is needed which would provide $500,000 for each state to help their rural governments develop appropriate strategies for solid waste management.

And finally we support the administration's empowerment zone and enterprise community program, however there are many needy communities that are not going to meet the eligibility requirements, and we are concerned that the program has the potential to siphon away already limited federal resources for rural areas from deserving but ineligible communities. After all, there are only going to be three rural enterprise zones, and—empowerment zones, excuse me, and enterprise communities, so we would urge this committee to be sure that not everything goes to those 33 places, that there are a lot of needy places.

So again, I want to thank you, Mr. Chairman and the subcommittee for your continuing support, and I would be glad to answer questions.

Mr. DURBIN. I have personal experience with the Two Rivers group in my area.

Ms. WOHLBRUCK. Right.

Mr. DURBIN. And have worked very closely with them. It's a good agency and we've had a lot of work together and they came to our rescue during the Midwest floods and did yoeman duty helping us get a lot of communities back on their feet.

Ms. WOHLBRUCK. Well, they are being asked to do a lot more at the local level because the local governments have not had the resources they used to have, so we are delighted to see the administration supporting this, and we hope that they will work with our groups to continue.

Mr. DURBIN. Okay. Any questions from the subcommittee? Mr. Peterson.

Mr. PETERSON. I would only say keep up the good work. This is something that is so thoroughly needed, and in my district in North Florida, we have two major entities that are working together, and you know, I've said this many times, but North Florida is not like Miami.

Ms. WOHLBRUCK. Right.

Mr. PETERSON. And in fact, it is more like Appalachia.

Ms. WOHLBRUCK. Yes.

Mr. PETERSON. In that we are really depressed, and we don't have the kind of development facilities that we do in TBA and the regional planning thing for Appalachia and some of those other federal programs, so we have to do it on our own, and we do it through these organizations, and I commend you for your work. It has done very well for us in the past.

Ms. WOHLBRUCK. We thank all of you because the last 13 years have been pretty thin, and I think it's important that we continue to get local elected officials and these kinds of institutions involved as the program develops.

Mr. DURBIN. Thanks for joining us.

Ms. WOHLBRUCK. Thank you.

[The information follows:]

STATEMENT OF ALICEANN WOHLBRUCK, EXECUTIVE DIRECTOR, NATIONAL ASSOCIATION OF DEVELOPMENT ORGANIZATIONS (NADO), BEFORE THE SUBCOMMITTEE ON RURAL DEVELOPMENT, AGRICULTURE, AND RELATED AGENCIES, COMMITTEE ON APPROPRIATIONS, U.S. HOUSE OF REPRESENTATIVES, MARCH 8, 1994

Mr. Chairman, members of the subcommittee, I am Aliceann Wohlbruck, Executive Director of the National Association of Development Organizations (NADO).

I appreciate the opportunity to testify on behalf of NADO. Our members are regional development organizations serving small cities and rural communities. Because economic conditions transcend jurisdictional boundaries, our members use substate regional strategies to solve locally-identified development problems. Known as development districts, councils of governments, and regional planning councils, these public-purpose institutions work with local governments and the private sector to improve economic opportunities and the quality of life in our communities.

NADO's goal is to assure that all rural citizens have the same quality of life and access to employment opportunities as those who live in major metropolitan regions. We believe that for economic recovery to occur there must be balanced growth and development in both rural and urban regions.

Included with my testimony is a copy of the ***Economic Development Digest***, published by the NADO Research Foundation, containing a map of regional development organizations and an article describing the regional approach to rural development.

I also want to take this opportunity to thank you Mr. Chairman and this subcommittee for your steadfast support over the years for rural development programs within the Department of Agriculture. Were it not for your backing, there would be little hope for the future of rural America.

Rural America has nearly 62 million citizens, approximately 25 percent of the U.S. population and roughly equal to the number living in the nation's inner cities. Yet the problems related to rural and small metropolitan communities go largely unnoticed by the media and many in Washington.

Although rolling waves of grain dominate the popular perception of rural life, the reality is that rural America is far more than farmland. Non-agricultural jobs comprise 90 percent of rural employment Even on family farms, 60 percent of the total income is from non-farm sources. NADO members believe that public investment is essential to attract private sector development and that such investment must be made to uncap the rural potential.

We are pleased to see the President's budget requests increases for all of the USDA rural development programs that our members have told us are essential to build communities and create jobs.

Many small communities and rural regions are forging ahead and improving their residents' economic opportunities with the assistance of USDA and other federal programs.

USDA Rural Development Programs

The NADO membership urges the subcommittee to approve the President's requests for USDA's water and sewer loan and grant programs; business and industry loan guarantee program; intermediary relending program; rural business enterprise grants; community facilities loan program; solid waste management grants; fire protection grants; and technical assistance and planning grants. In a NADO survey done in December 1992, 70 percent of rural officials said that infrastructure is their number one concern; 47 percent identified economic development and 18 percent listed solid waste and other environmental issues. The programs listed above are those which are most important in meeting these local needs.

We are delighted to see the Clinton Administration's support for direct assistance to rural communities and businesses to improve the quality of life and the quality of jobs.

Technical Assistance and Planning

Many communities have found that by focusing their efforts through strategic planning, they are able to make better use of limited resources. Local elected officials and rural residents are working together in regional organizations to develop strategic approaches to rebuilding their communities and leveraging capital.

The administration has recognized the need for federal assistance to promote rural economic development strategies at the local level by requesting $5 million for technical assistance and planning grants. NADO members have made funding for this program a top priority, and we urge you to provide at least the amount requested by the President. (Last year we asked that $15 million be provided for this program.)

Currently, USDA provides no funding to help rural communities develop long-term development strategies or implement technical assistance programs to improve their local economies. The precursor to this program, Section 111, was last funded in 1981. At that time Section 111 provided resources to implement locally-identified development strategies. From small business export development to geographic information systems (GIS) data collection, from tourism development to fire protection services, there is much to be done in rural development -- but very few resources. We believe that funding for technical assistance and planning can provide much needed assistance for small towns and rural counties to develop a long term vision for their future.

Development Financing Programs

The majority of local government based rural regional development organizations also provide business development financing programs. Over 165 NADO member organizations administer revolving loan funds with funding from the Economic Development Administration in the Department of Commerce. Most of these organizations also serve as Certified Development Companies under the Small Business Administration 504 program. With the creation of the IRP program in 1988, many of these regions began serving as intermediaries for this important lending program. There are currently 140 IRP intermediaries.

The IRP program leverages at least 25 percent nonfederal investment. The program currently has a zero delinquency rate. NADO is pleased to support the President's request for an increase in the IRP program.

Solid Waste Technical Assistance

In addition to economic development strategies many rural officials are recognizing the need for a regional approach to solving environmental problems, particularly solid waste management.

A 1992 survey of rural governments by the Coastal Georgia Regional Development Center (CGRDC) and the Solid Waste Association of North America (SWANA) revealed that nearly half of rural governments responding were planning to close their landfills because they could not comply with new federal regulations under the Resource Conservation and Recovery Act (RCRA). To overcome limited local capacity and to be in compliance with costly RCRA regulations, the options clearly favor a regional approach to solid waste management over expensive long distance hauling of wastes to another facility. In fact, EPA issued the following statement encouraging regional strategies: "Small communities can further reduce the impacts of this rule by developing regional solid waste management facilities with other communities."

Yet planning and implementation funding is extremely limited. Although RCRA mandates solid waste disposal standards, the EPA provides no funding for local planning. In many distressed rural regions, the tax base is inadequate to address the solid waste disposal needs. While we are pleased that the administration is requesting an increase of $200,000 for FY 95, the need much greater.

NADO requests that the subcommittee fund the solid waste regional technical assistance program at $25 million in 1995. This would provide $500,000 within each state to help rural governments develop appropriate strategies to address the future of solid waste management. The Solid Waste Association of North America (SWANA), representing the interests of 4,200 local governments in managing solid waste, has requested to be included for the record in support of this position.

Development Initiatives

NADO members are also supportive of the administration's Empowerment Zone and Enterprise Community (EZ/EC) program. Many regional development organizations are currently preparing applications for EZ/EC designation for the governments they serve. However, there are many needy rural communities that will not meet the eligibility requirements. NADO members are concerned that program has the potential to siphon already limited federal resources for rural areas from deserving but ineligible communities to EZs and ECs. We urge you not to allow this to happen. It will not benefit our nation to redistribute federal resources to one distressed community at the expense of another.

NADO members also support the State Rural Development Council initiative because it is involving representatives from the federal, state, regional and local level, as well as the private sector, in efforts to improve rural programs.

Conclusion

Once again, I would like to thank the subcommittee for its longstanding support of rural development programs. I will be happy to answer any questions.

DISTANCE LEARNING AND MEDICAL LINK PROGRAM

WITNESS

DENA G. STONER, EXECUTIVE DIRECTOR, COUNCIL ON EDUCATION DEVELOPMENT AND RESEARCH

Mr. DURBIN. The Council on Education Development and Research. I believe that Dena Stoner is going to be speaking to us.

Welcome. We will put your entire statement in the record.

Ms. STONER. Thank you very much.

Mr. DURBIN. And invite you to highlight it at this point.

Ms. STONER. I won't read it all.

Mr. DURBIN. That's how we say that. [Laughter.]

Ms. STONER. Please Mr. Peterson.

Mr. DURBIN. The administration thinks we should.

Ms. STONER. All right, you will change your mind here in a few minutes.

I appreciate the opportunity today to express our support for the REA's distance learning and medical link program, and to urge you to increase its funding in fiscal year 1995 to $30 million.

I'm Dena Stoner. I'm the executive director of the Council for Educational Development and Research. We don't get any money from this program, but we support it.

In addition to that, I'm representing 20 organizations, telecommunication organizations and others who are known as the coalition called the Organizations Concerned about Rural Education. I think it's appropriate that they are called OCRE.

The regional educational laboratories which are part of my membership are the closest thing that we have in education to the agricultural extension agent system for education. We take research and turn it into ideas and processes and products that allow schools to use the most recent technology and instructional techniques to deal with our most difficult educational programs, and as you know, we have a lot of them.

A quarter of our funds go to rural schools. We know a lot about the rural problems in schools, and therefore we support this program. We were pleased when the Department of Agriculture announced last November that they were providing 28 projects in 26 states with $10 million to provide advanced telecommunications for rural America.

We are at a crossroads in rural America. One way means that we go the route of wider disparity in incomes, education and health. Another is maybe to grab this opportunity that we have right now where three major initiatives are on the table here at the federal level—national health care reform, regardless of where you stand on it, everyone agrees that something needs to be done; school reform; and the need to build a national telecommunications highway system.

We see this program, as small as it is at the Department of Agriculture, as glue for rural communities to help put these three initiatives together. What we're worried about is that if we don't have a program like this, rural schools could possibly be the last to be linked to the national highway system in telecommunications.

Now, I don't have expertise in health, but I do know a lot about education. One of the things that happens when we go to rural communities to deliver rural schools some help is that we have to get in a car, put an expert in it, and buy the gas, and travel for hours.

That may be the last time we get to that rural community for quite some time. If we could link our telecommunication capacity which is one of the most advanced right now in the United States, with rural communities, we could deliver a continuous program of technical assistance to rural schools, and they could talk back to us.

One of the problems with experts going into rural schools is that they rarely get a chance to have the continuous interaction that telecommunications could bring to us.

In addition to this capacity at the school level, the projects that were funded out of the Department of Agriculture demanded that there be wider access than just schools. Businesses, libraries and other community organizations are going to be connected to these telecommunication networks.

A program that I thought I would highlight in this testimony is one that was just awarded to the Shawnee Community College in Illinois. That community college represents five counties in the southwestern part of Illinois—poor, average family income $12,000 a year, and an unemployment rate of 18 to 20 percent.

This is the first time they've had any monies like this. They have matched their $500,000 grant with $125,000 of raised money from businesses which are very meager in that area, and yesterday they tell me that they came from their rural co-op with an unexpected $10,000 additional money to help them.

What they're going to do is they're going to put a satellite campus in each of their five counties—and by the way, this program is simply analogous to what else is happening in this program—five satellite campuses linked 12 school districts, and they will be able to deliver services like they've never seen in that part of Illinois.

I talked to Jack Hill, the superintendent of the Shawnee Community College. He said in 37 years of working in education, he thinks that this is going to provide him with the largest leap in change in that part of Illinois that he has ever seen. It almost brought tears to my eyes to hear him talk about what this is going to do.

Access to information is the life blood of community development and economic development, and schools are the largest conveyor of information in rural communities. What we're hoping is that this kind of a program can enhance rural education and attract businesses into these communities.

We educate 6.6 million kids in rural communities, many of them very, very poor, and some of the most exciting developments that we have to offer them is in interactive multimedia, but these rural schools can't afford it without these kinds of programs.

The only analogy that I can think of that could maybe give us some idea of what this can do for rural communities is the federal highway system where it brought lots of restaurants, gas stations at intersections across the country.

What we need now, 40 to 50 years later after that investment, is a national communication, telecommunications system, and we need a particular program that will draw these kinds of programs into rural areas.

I grew up in a farm in rural Pennsylvania. We were members of Adam's County REA and we continue to be a member of Valley REA in Pennsylvania. If there is an agency that I know of in rural America that understands infrastructure, its maintenance and its upkeep, it is REA, and therefore we really support the program and hope you will again in 1995.

Thank you very much.

Mr. DURBIN. Thank you. We really appreciate your testimony. I think what we are about in this subcommittee is to make sure that if there is an information superhighway, and we hope there will be, that there will be plenty of off-ramps in rural America and for the small towns, because if this highway passes us by, I'm afraid the economic problems we're suffering today will only worsen.

Ms. STONER. That's right.

Mr. DURBIN. Your testimony really puts it in graphic terms. The area of Illinois that you refer to is in Congressman Pichard's district and it is one of the poorest in our state.

Ms. STONER. Right.

Mr. DURBIN. And if he were here today, I'm sure he would be cheering you on because this gives some hope to people who haven't had a lot of hope in a long time.

Ms. STONER. Thank you, Mr. Chairman.

Mr. DURBIN. Thank you for joining us. Any questions from the subcommittee? Mr. Thornton.

Mr. THORNTON. Thank you, Mr. Chairman. A few years ago, after I failed in an attempt to go to the Senate, my first job was in Arkadelphia, Arkansas where with Washitaw University and Henderson State University, we developed the nation's first center for rural studies.

Jim Wright who was not yet speaker came down for the first symposium we had on that, and I am so pleased to see Arkadelphia listed as an example of the medical link.

I'm also very pleased that last year we included in our report language similar medical links for Clinton—no relationship to the President.

Ms. STONER. I know.

Mr. THORNTON. In VanBuren county and in Danville in the free state of Yale County, the situs of the book by Buddy Portis, True Grit, and True Grit is an element of rural America, but it's not enough. We've got to provide the people with the opportunities which telecommunications and medical links can make.

I want you to know how much I appreciate your good testimony today.

Ms. STONER. Mr. Thornton, we are delighted to be here, and same to you, Mr. Peterson.

Mr. DURBIN. Thank you for joining us.

[The information follows:]

CEDaR
Council for Educational Development and Research

Testimony on the Distance Learning and Medical Link Program

by
Dena G. Stoner, Executive Director
Council for Educational Development and Research
on behalf of
Organizations Concerned about Rural Education

Agriculture, Rural Development, Food and Drug Administration,
and Related Agencies Subcommittee
of the House Committee on Appropriations

March 8, 1994 at 4:30 pm
Rayburn House Office Building, Room 2362

Council for Educational Development and Research
2000 L Street, NW • Suite 601 • Washington, DC 20036 • (202) 223-1593

Thank you for this opportunity to express support for the REA's Distance Learning and Medical Link Program, and to urge you to increase its funding level to $30 million.

My name is Dena G. Stoner. I am executive director of the Council for Educational Development and Research. The Council's membership includes the Congressionally mandated national network of 10 regional educational laboratories and some of the foremost educational R&D centers in this country.

The regional laboratories develop new teaching and learning strategies for America's schools, test them, and when they work, disseminate them to others. They are, at the federal level, the closest thing educators have to the national system of agricultural extension agents.

Each laboratory targets at least a quarter of its program funds specifically for rural schools; hence our interest in the REA's Distance Learning and Medical Link Program. We know that rural schools and their communities need a program that will maintain their access to the emerging, rapidly changing world of telecommunications.

In addition, the Council is one of about 20 education and community associations to have come together under the umbrella of Organizations Concerned about Rural Education (OCRE) for the specific purpose of assisting rural school and communities. I appear before you today as a representative of this larger coalition.

The Distance Learning and Medical Link Program was authorized in the Food, Agriculture, Conservation and Trade Act of 1990 to enhance the economic viability of rural communities. To accomplish this goal, the program makes grants to rural facilities such as schools, hospitals, and medical centers for the purchase or lease of advanced telecommunications and computer networks.

The funding can be used for telecommunications terminal equipment, computer hardware and software, data terminal equipment, fiber optic cable, interactive video equipment, and the like.

The Council, along with other groups in the coalition, worked very hard to encourage Congress to authorize and fund the program; we encouraged the Administration to adopt regulations and we commented extensively on the regulations. We were very pleased when last November USDA announced the first grants of $10 million to 28 education and medical organizations in 26 states to provide advanced telecommunications technology for rural Americans. A copy of the Department's announcement giving a brief description of each project is attached to my testimony.

America's rural communities are at a crossroads. Our national leaders have to decide which path to take. One path continues in the direction of the last decade. It leads to wider and wider disparities in educational opportunities between rural children and urban children; it leads to fewer economic opportunities for rural adults, and poorer health care for all rural citizens.

Fortunately, it now appears that the Administration and the Congress are both looking to the future in their initiatives and priorities. With three major efforts currently on the table in Washington — health care reform, education reform, and the Information Super Highway — the Distance Learning/Medical Link Grant Program is vital so that tens of millions of rural Americans can take advantage of these initiatives.

I claim no particular expertise in health care delivery. But I do believe the only way to reach millions of rural Americans with the latest medical techniques is through modern telecommunications. In an age of medical specialization, it is unrealistic to think isolated rural communities can support the highly trained personnel and expensive equipment that are required. If health care reforms provide universal or even substantially expanded coverage to individuals, then access to enhanced telecommunications for rural hospital and medical facilities will become an absolute necessity.

Of the 28 grants made under this program last year, nine of them were for medical services. For example, one grantee is the Baptist Medical Center in Arkadelphia, Arkansas. It would establish a 67-mile teleradiology link with the Center's flagship facility in Little Rock. Now patients in a poor, six-county area can have 24-hour access to the most sophisticated analysis of medical images, scans, and x-rays. It will save doctors' time, as well as the money, time, and lives of rural patients.

Of course, Mr. Chairman, education is my main concern and the area where our 10 regional laboratories bring a wealth of expertise. We fully support Vice-President Gore's call for linking every classroom with interactive video and computer networks by the year 2000. It appears that to accomplish this, there must be dual public and private responsibility. Our main concern is that isolated rural schools will be the last to be linked unless this program, under the auspices of the Department of Agriculture, is greatly expanded.

Both rural schools and their surrounding communities suffer from the lack of telecommunications capabilities. The regional educational laboratories see this just about every time they work in rural communities. First of all, the only way they can serve rural schools is to pack up a car and drive there. A telecommunications infrastructure would enable them to serve these schools and communities quicker and cheaper. It would give these communities access to a whole range of programs and services that schools in other locales are using to meet the national educational goals and to make other improvements.

Moreover, bringing the technology to the schools will in turn serve the entire community. Many of the funded projects contemplate some type of public access to the technology for their community's institutions, governmental bodies, and business interests.

An example of how this program can benefit the entire rural community is the grant that was made to Shawnee Community College in Illinois, which will develop a distance learning telecommunications network to enhance education opportunities and transmission of information in the 5 southernmost counties in Illinois. Shawnee sits right next to the Ohio and Mississippi rivers. It is a poor community with a $12,000 a year average family income and an 18 to 20 percent unemployment rate. The primary beneficiaries of this grant will be the community college students who will be able to attend the five satellite campuses and the 12 school districts in the five-county area that will be linked up to modern learning systems. They will be able to share outside experts and use education programs that never would have been available to them before the grant.

Students will have access to courses in foreign languages and in specialized science and math, as well as training for health care certifications. An entirely new curriculum can be developed through a cooperative effort between the college and the 12 high schools. Customized programs will be developed to meet the training requirements of local businesses and industries.

Information will be the new life-blood of rural communities. Access to it determines their quality of life and their economic health. And in rural communities, the entity that is the most widespread conveyer of information remains the local school.

Rural schools are responsible for educating 6.6 million of our nation's children. They are often the glue that holds rural communities together. Without strong schools, businesses will not move to rural areas, joblessness will climb even higher, and rural communities will wither. Opportunities for these 6.6 million schoolchildren will be severely limited. Many of the most talented will move out, and the economic viability of our rural communities will face still another attack!

Isolation, one common characteristic of rural life, becomes a thing of the past as students conduct research in the world's top research libraries, or correspond with scientists and other experts nationally and internationally. By simply placing computers and modems into rural schools, rural students can have access to Internet — an international, interactive system of databases and communication. Through NASA's SpaceLink, they can even check on the daily status of experiments our astronauts are doing in space.

Through interactive two-way video, teachers and students in different communities can see and hear each other. This distance learning technology can bring advanced mathematics and science courses, and languages such as Russian, Japanese, and Arabic, to schools too small to support teachers in these subjects.

Some of the most exciting technological developments for education today are in interactive multimedia. Just imagine how vivid the muscles in the human body become to an eleven-year-old who, on her computer terminal, can see and duplicate for herself the steps of an actual surgical procedure.

Years of neglect, constant budget cutting, and community upheavals have put severe limitations on rural schools' finances. Rural schools can not afford these innovations without your support.

We have found that the dynamic of communications through technology is sometimes difficult to explain. But we know that once the communications infrastructure is there, the real world comes to life and exciting things happen. For instance, to say that the benefits of the Interstate Highway System were merely to facilitate the movement of people and products would be a vast understatement.

Look at the rural economic development spurred by that system at thousands of intersections in the last 30 years.

Look at the millions of people who have visited the Grand Canyon, the California Redwood Forest, and Williamsburg, Virginia.

Look at how the interstate highways improved access to health care, to farm markets, and to higher education.

It is even more difficult to enumerate the long-term benefits which will flow from a well-developed telecommunications system for rural America. It really could help re-balance the scale.

The REA is an agency which has proven many times its ability to get a job done at very little real cost to taxpayers. There is not another agency that understands infrastructure as well as REA. I know because I grew up in Franklin County, Pennsylvania, which is served by the Adams Rural Electric Cooperative. To this day, I remain a member of the neighboring Valley Rural Electric Cooperative. In rural America, REA is the only thing we have to link us to services that people in the cities and suburbs take for granted. Through the Distance Learning and Medical Link Program, it can continue to do so.

Let me close by again urging this Subcommittee to increase funding for the REA's Distance Learning and Medical Link Program to $30 million in FY 1995. That is not a grand amount, but you will see great results.

Thank you.

NEWS

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$10 MILLION IN REA GRANTS AWARDED TO EDUCATIONAL, MEDICAL GROUPS NATIONWIDE

WASHINGTON, D.C., Nov. 5 -- The United States Department of Agriculture today awarded $10 million in grants to 28 education and medical organizations in 26 states to provide advanced telecommunications technology for rural Americans.

Bob J. Nash, USDA Under Secretary for Small Community and Rural Development, said the awards are the first under the agency's Distance Learning and Medical Link Grant Program, established by Congress to shape a new economic future for rural residents.

"The grants represent a beginning step in USDA'S new emphasis under Secretary Mike Espy to alleviate many of the problems that plague rural areas," Nash said. Nash called the rural problems "serious and demanding swift action."

The grants vary from $25,000 to $500,000--the maximum size authorized by law--and include 17 that are $400,000 or more.

The awards demonstrate, Nash said, "the kind of programs the Clinton Administration has in mind to aid rural development, a top administration priority."

The grants will be used for such urgent rural needs, Nash said, as interactive video, encoding devices, video cameras and other telecommunication tools linking education and health services from one rural area to another and to more populated centers.

The program was authorized by the Rural Development Act of 1990, to provide grants to rural community facilities--such as schools, hospitals and medical centers.

It seeks to encourage, improve and make affordable the use of advanced telecommunications and computer networks to provide educational and medical benefits to people living in rural areas and to improve rural opportunities.

The REA has been known for more than 58 years as a lender which brought electric and telephone service to the nation's farms and rural communities.

Examples of Distance Learning and Medical Link projects selected by the REA, following an extensive four-month nationwide review process, are:

-- A consortium of six rural school districts in northeast Pennsylvania will be connected with two postsecondary schools to share staff and resources. The communications network will span 4,000 miles: $493,595.

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-- Public, private, medical and educational institutions in about 200 southwest Alaskan villages and schools will share personnel, equipment, facilities and expertise via a telecommunications delivery system for distance learning and medical linkage; $500,000.

-- A hospital serving four communities in northeast Kansas, which also has rural health care clinics, will coordinate patient care, education and interactive physician consultation; $498,800.

-- Because no full-time radiologist is on duty at a country hospital in southern South Carolina, a teleradiology medical link will be established with on-call radiologists in Savannah, Ga.; $25,000.

Most of the grants will be supplemented by funding from a variety of state and local sources, Nash said.

A total of 19 educational organizations nationwide were granted $7,496,451 while nine medical groups, the majority of them hospitals, received $2,503,549. The states of Montana and North Dakota each obtained two grants.

The REA received 180 applications, Nash said, requesting a total of $57 million in grants. Procedures for applying for them were announced in the Federal Register earlier this year.

The Distance Learning and Medical Link Grant Program was funded for the first time in the 1992 federal budget, then again in 1993. A total of $5 million was authorized in each budget to account for the $10 million in funding announced today.

The grant winners by state, organization, location, including a summary of the project and amount, are:

Alaska: Distance Delivery Consortium, Bethel. Establish delivery of telecommunications services by five school districts, university branch, health corporation unit, national guard unit and others; $500,000.

Arkansas: Baptist Medical Center, Arkadelphia. Establish a 67-mile teleradiology link with the center's flagship facility, in Little Rock, to send patients' images, scans and x-rays for review by specialists; $49,780.

Colorado: East Central Board of Cooperative Educational Services, Limon. Design an interactive distance learning/communications system among 16 rural communities and schools. It would serve more than 4,000 students, 430 teachers and administrators during schools hours and non-school groups after hours; $291,301.

Idaho: College of South Idaho, Twin Falls. A dual education and medical communications system, it would link eight counties and schools in a 100-mile radius for educational needs and permit exchange of medical information to improve health care; $500,000.

Illinois: Shawnee Community College, Ullin. Develop a distance learning telecommunications network to enhance educational opportunities and transmission of information in five rural southern counties. In addition to the college, it would serve 12 small district high schools and training needs of business and industry; $500,000.

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Indiana: Methodist Hospital of Indiana, Indianapolis. Connect rural hospitals in Clinton, Frankfort, Hartford, Newcastle and Peru and a clinic in Gosport, via a fiber optic cable, with Methodist Hospital. Would permit instant transfer of still and video images, and other forms of telecommunications and data; $183,000.

Kansas: Community Hospital of Onaga, Onaga. Expand exchange of medical information by rural hospitals in Holton, Horton, Onaga and Seneca with St. Francis Hospital, Topeka. Provide managed care by sharing clinical records, toxicology information, teleradiology and distance medical consultation and education; $498,000.

Kentucky: Clinton County School District, Albany. Restructure educational technology and curriculum around a telecommunications network in cooperation with Berea College and Berea School District, Madison County, via networking and interactive video distance education; $500,000.

Louisiana: Northwestern State University of Louisiana, Division of Nursing, Shreveport. Health, educational and community enhancement activities, including degree granting and continuing education programs, via distance learning and medical technology, with rural areas of Bunkie, Jonesboro and Winnfield; $499,900.

Michigan: Upper Great Lakes Educational Technologies, Inc., Marquette. A consortium of hospitals, universities and schools developing telecommunication systems and programs, plans to use grant for a dual technology system for rural medicine and education with emphasis on medical uses; $373,894.

Minnesota: Independent School District #262, Barrett. Applied on behalf of itself and other school districts located at Elbow Lake, Hoffman and Kensington. Plans to expand fiber optic network to permit students, staff and community members to access wide variety of data and video, interactive shared classes, CD ROM-based services and card catalogs of four libraries; $221,476.

Missouri: Citizens Memorial Hospital District, Bolivar. Design a medical link system to permit rural physicians to receive laboratory results as soon as they are available. Should improve patient care by permitting quicker diagnosis and treatment; $180,000.

Montana (2): Deaconess Medical Center, Eastern Montana Telemedicine Project, Billings, and Richey School District, Yellowstone Education Symposium, Richey.

The telemedicine project will use two-way interactive video to deliver medical and mental health care services, continuing medical education and community development initiatives. Users will include five medical and mental health facilities in isolated eastern Montana communities; $482,910.

The symposium, an alliance of schools districts located in Circle, Glendive, Lambert, Rickey, Savage and Sidney, plans to purchase and install interactive television equipment for an educational network; $118,012.

North Carolina: University of North Carolina at Wilmington, Division for Public Service. Purchase two-way interactive video equipment to create six distance learning sites in rural areas of Brunswick, Columbus and Pender counties; $484,452.

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North Dakota (2): University of North Dakota, School of Medicine, Grand Forks, and New Dimensions Information Authority, Williston.

The medical school represents a consortium of the 32 smallest hospitals in the state. It plans to establish a distance learning and medical link project to be known as MEDSTAR. It would connect hospitals, doctors, nurses and other rural health professionals via satellite communications; $497,186.

The authority, a four-county regional library system in the northwest part of the state, plans to develop a computer-based regional union library catalog. Computers and software would be purchased to access collections in 23 schools, three public libraries and a university; $97,472.

Nevada: University of Nevada, Reno. An application filed by the university, its school of medicine, North Nevada Community College, Elko, and the Nevada Rural Hospital Project.

The partners propose to establish a statewide educational and medical communications system for teleconferencing, audio-computer graphics and computers. Equipment and terminals would be installed at 16 locations; $400,000.

New York: The Mary Imogene Bassett Hospital, Cooperstown. Establish a dual communications system for medical and learning needs. It would connect with community hospitals in Delhi and Cobleskill and nine outreach centers in five counties: $494,755.

Oklahoma: Northwest Oklahoma Technology Consortium, Inc., Seiling. Serving 11 high schools and two Vo-Tech districts, the consortium plans an interactive video system for a variety of educational, medical and community applications; $477,700.

Pennsylvania: Northern Tier Rural Distance Learning Consortium Ltd., Towanda. A consortium of six schools districts and two post-secondary affiliates, it plans to establish an interactive video/audio communications network. The consortium serves the counties of Bradford, Sullivan, Susquehanna, Tioga and Wyoming; $493,595.

South Carolina: Low Country General Hospital, Jasper County. A 31-bed rural hospital, it has no full-time radiologist. It plans to install a teleradiology link with radiologists in Savannah, Ga., to accelerate diagnosis and faster treatment of patients; $25,000.

South Dakota: North Central Area Interconnect Telecommunications Project, Barnard. A partnership formed by an educational cooperative, university, hospital and others, the grant will be used for classroom distance learning at nine school sites and Northern State University and for educational medical links by rural communities; $500,000.

Tennessee: Monroe County Schools, Madisonville. Establish a video communications network connecting three high schools and computers at 10 sites, including Hiwassee College, for various types of instruction and staff development. In addition, a medical link component will be set up via Internet; $486,215.

Texas: Star Independent School District, Star. Establish an educational and medical communications system, to be known as INFO-NET-2,

- more -

between the central Texas school districts of Goldthwaite, Mullin, Priddy and Star. Schools in the districts will be interconnected to a central location via a fiber optic network: $481,568.

Virginia: Shenandoah County Public Schools, Woodstock. Grant to used to set up an interactive video distance learning system linking three high schools for courses, adult education, presentations, workshops and extra-curricular activities: $73,680.

Wisconsin: Western Wisconsin Instructional Network Group, Baldwin. A consortium of 14 small, rural schools districts, a four-year university and a two-year technical college, known as WestWING, it plans to establish a distance learning telecommunications network. Initially the four-county network will serve high schools and provide continuing education to medical personnel; $500,000.

Wyoming: Tri-Valley Consortium, Jackson. Plans to install equipment for a teleradiology network to send x-rays and other images from hospitals in Afton and Driggs to the hub hospital, St. John's in Jackson, for prompt diagnosis and a better level of care: $89,304.

The REA plans another round of grants this fiscal year and has set a deadline of Jan. 14 for filing applications. It will be the only application period during the year, Nash said. The agency expects to make about $10 million in grants.

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RURAL HOUSING PROGRAMS

WITNESS

PATRICK BARBOLLA, THE NATIONAL ASSOCIATION OF HOME BUILDERS

Mr. DURBIN. For the National Association of Home Builders, we have listed Patrick Barbolla. Is that correct?

Mr. BARBOLLA. It's Barbolla.

Mr. DURBIN. Barbolla. Thank you for joining us today. I think your colleagues have probably been twisting our arms all day around Capitol Hill.

Mr. BARBOLLA. I think there has been quite a few on Capitol Hill today.

Good afternoon, Chairman Durbin and members of this subcommittee. My name is Patrick Barbolla, and I am a multifamily developer from Ft. Worth, Texas. It is my pleasure to appear on behalf of NAHB's 169,000 members.

Mr. Chairman, it is with sincere appreciation that I thank this committee for its dedicated efforts to provide housing funds for low income families and the elderly in rural areas.

Year after year, this committee has ensured that the rural poor are not forgotten, and have an opportunity for FmHA's modest though adequate housing.

NAHB strongly opposes any attempt to slash FmHA's rural rental housing program by 59 percent. While we applaud the increase in rental assistance funding and the freeze of 502 direct loans at last year's level, we are deeply concerned by the 50 percent increase in borrower payments for the 502 home ownership loans, especially the retroactive imposition of this increase to existing homeowners.

The Section 515 program is the only viable current method for providing affordable rural rental housing for very low income families. Over 87 percent of 515's tenants have incomes below $9,000 per year. Without the 515 program, where will these people live?

They will not live in non-FmHA financed existing housing. Rural America has a greater concentration of substandard housing than its urban counterpart. They will not live in conventionally financed multifamily housing. In rural America there are no alternative sources of mortgage credit for affordable housing.

Without the 515 program, the rural poor have only two alternatives—substandard housing or homelessness. With ten of the 14 cabinet departments being recommended for increased funding and new discretionary spending, the proposed slashing of 515 funding cannot be justified as spreading the burden of deficit reduction.

Instead, it must be viewed as a deliberate decision to further restrict the already limited housing opportunities for the poorest part of our rural population.

I must point out that the 515 program has already been decreased by 40 percent since 1985. Had all segments of the budget been cut in the same fashion as rural housing, the United States would be running a budget surplus today.

Fairness prohibits another funding decrease.

NAHB supports deficit reduction measures, however we oppose any cuts to the 515 program beyond those proportionate to cuts that must be made across the entire federal discretionary spending budget. Rural housing has paid its dues.

Not too long ago, Congress created the bipartisan, lower Mississippi Delta development commission to develop recommendations to revitalize rural segments of seven states, including Arkansas, Mississippi, and Illinois.

This commission's report known as the Delta Initiatives, stated that there was a need for 400,000 additional rental units in the Delta, and recommended that the 515 program be funded at the highest level of the 1980's.

The Chairman of this commission was Bill Clinton. Thus in 1990, Governor Clinton requested 40,000 new rental units annually for only part of seven states. I find it hard to comprehend how 5,270 units can satisfy the entire country's proven need.

It is important to this nation that economic development encompass rural America. A major component of rural economic development is a healthy construction industry. Last year, the 515 program produced in excess of 12,500 manyears of employment, but more importantly, without adequate housing for rural residents, industry—large or small—will not locate in or expand into rural America. Without affordable housing rural job growth can be nothing more than unrealized potential.

There have been recent reports and rumors of problems in the 515 program in two or three states. NAHB policy strongly condemns any who would misuse the 515 program, and welcomes congressional or other investigations into any allegations of abuse.

However, I firmly believe that any such problems are isolated and related to program administration and are not inherent to the program itself. This successful program must not suffer because of isolated incidents.

I thank you for your time. I would be pleased to answer any questions.

Mr. DURBIN. Well, thank you for your testimony. I hope you will note from the activity of this subcommittee last year that we have focused on a few areas of rural housing to try to have some impact. Your testimony relative to the Section 502 loans indicates your recognition of that.

Mr. BARBOLLA. Yes.

Mr. DURBIN. The unsubsidized guaranteed effort by the federal government I think is one of the most promising programs we have.

I have communicated that to my home builders in Illinois, telling them that it is time to wake up to the reality of what is available now in rural America through the federal government.

Mr. BARBOLLA. Yes.

Mr. DURBIN. Some states are ahead of others. Massachusetts, I believe, is an example of a state that is really utilizing this program, and there is more to be done. You have indicated in the area of rental housing——

Mr. BARBOLLA. Yes.

Mr. DURBIN. Of the serious need, but I'm hoping that we can match that home ownership effort with resources that—I should say I am hoping we can match the rental effort with the resources that we have put into home ownership areas.

Any questions from the subcommittee?

Thank you for joining us, we appreciate it.

Mr. BARBOLLA. Thank you again.

Mr. DURBIN. We're going to try to pick up a witness or two. We are going to have two votes, as I understand it, and so I will try to take a witness or two, and if anybody has to leave, I understand, but we will see if Mr. Don McKenzie of the Wildlife Management Institute can join us for a few moments of testimony.

Thank you.

[The information follows:]

STATEMENT FOR THE RECORD

of

THE NATIONAL ASSOCIATION OF HOME BUILDERS

Submitted to the

SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION AND RELATED AGENCIES

of the

UNITED STATES HOUSE OF REPRESENTATIVES

on

FARMERS HOME ADMINISTRATION RURAL HOUSING PROGRAM APPROPRIATIONS

March 8, 1994

Mr. Chairman, Mr. Ranking Minority Member and Members of the Subcommittee:

The National Association of Home Builders, which represents 169,000 member firms, is very appreciative for the opportunity to submit written testimony on Farmers Home Administration (FmHA) rural housing program appropriations. Thank you for permitting us to share our views.

This statement will emphasize rural America's dire need for affordable housing. In addition, it will outline the devastating impact which the Administration's fiscal year 1995 proposed Department of Agriculture budget would have, if enacted into law by Congress.

SEVERE NEED FOR AFFORDABLE RURAL HOUSING PROGRAMS

Housing conditions in nonmetropolitan areas are generally worse than those in metropolitan areas. A greater proportion of occupied housing in rural areas is inadequate, as compared to metropolitan areas. About 10.4 percent of the occupied units in nonmetropolitan areas are classified as inadequate compared with 7.2 percent in metropolitan areas. Since 22 percent of all households reside in rural areas, this equates to 2.1 million rural households living in substandard housing. Without adequate mortgage credit, there is no hope of remedying this problem.

The availablity of mortgage credit is a significant problem in rural America. In rural areas, it is difficult for lenders to achieve the economies of scale necessary to maintain a mortgage loan department. In addition, the special nature of rural properties and rural home buyers often makes it difficult for them to conform to secondary mortgage market underwriting standards. Without a strong secondary market outlet for loans, fewer banks are willing to originate mortgage loans. Hence, a much larger share of buyers in nonmetropolitan areas turn to unconventional sources for financing, often resorting to "bullet loans" that must be repaid in full after a short term. This shortage is exacerbated by the fact that there is a lack of federal mortgage insurance in rural areas. The share of mortgage holders in metropolitan areas that have Federal Housing Administration or Veterans Affairs Department financing is twice as great as the share of mortgage holders in nonmetropolitan areas who do.

Farmers Home Administration assistance is vital to the production of affordable rural housing for low-income rural home buyers and renters. The FmHA Section 502 direct loan and Section 515 rural rental housing loan programs together produce nearly 30,000 units per year. This has accounted for about 10 percent of rural housing starts for the past several years.

The demand for FmHA housing programs far exceeds the availability. Since 1978, the number of new units assisted by these programs has been slashed by 70 percent. As of November 30, 1993, there were 63,721 single family direct loan applications on hand in FmHA county offices, but only funds enough to service about 30,500 applicants a year. The FmHA currently has a total dollar volume of $1.09 billion in Section 515 multifamily loan preapplications, which could finance 1,054 projects.

FmHA is a lender of last resort. In order to participate, FmHA borrowers must document their inability to qualify for conventional loans. In 1991, 4.1 million rural households paid more than 30 percent of their income for housing. Of those, 1.6 million paid more than 50 percent. That same year, 18.7 percent of rural households had incomes below the poverty rate, as compared to 12.6 percent of metropolitan households. Without FmHA housing programs, even more rural households would remain highly overburdened.

EFFECTS OF ADMINISTRATION'S PROPOSED FISCAL YEAR 1995 BUDGET

The Administration's proposed fiscal year 1995 budget for the Department of Agriculture seeks severe reductions in funding for rural housing programs. The FmHA Section 515 rural rental housing loans program has been slated for a 59 percent reduction in loan volume from the fiscal year 1994 appropriated level of $540.1 million to $220 million. Although the FmHA Section 521 rental assistance program is recommended for a $76 million increase, from $447 million to $523 million, this does not justify a $320 million reduction of Section 515 funding. While the Section 502 direct loan program is recommended for a freeze at the fiscal year 1994 appropriated level of $1.75 billion, the basis for interest subsidy would be altered significantly.

NAHB has shown a strong commitment to the Section 502 guaranteed loan program since its inception, and applauds the proposed increase in funding. However, the single family direct loan, single family guaranteed loan, and multi-family rental loan programs serve separate and distinct populations, and neither one duplicates the efforts of the other. Further, NAHB believes that vouchers can not serve as a substitute for new production and can not be successful unless there is an adequate supply of rental housing units on the market. If a voucher program is created, we would strongly urge it to be project based, rather than tenant based.

Affordable rural rental housing and homeownership opportunities for low-income rural Americans are a priority for the nation that is not met through any programs other than those of the Farmers Home Administration. NAHB supports much needed deficit reduction measures. However, we oppose any cuts to rural housing programs beyond those proportionate to cuts that must be made across the entire federal discretionary spending budget to stay within the fiscal year 1995 cap and to meet deficit reduction goals.

Major Funding Reduction of the FmHA Section 515 Rural Rental Housing Loans Program

NAHB strongly opposes the Administration's proposal to cut the loan volume for the FmHA Section 515 rural rental housing loans program by 59 percent. The Section 515 program is the only program adding to the stock of affordable rental housing. Annual unit production has already been reduced from approximately 35,500 in 1978 to 15,000 in fiscal year 1994. If the Administration's proposed cut were to become law, annual unit production would be only 6,000. At such a low level, the gap between the need for affordable rental housing and the availability would become even wider.

While NAHB supports deficit reduction and is aware that spending cuts must be made to lower the deficit, priorities must be established within any budget. In the President's fiscal year 1995 budget, for instance, ten of the fourteen cabinet departments are slated for an increase in new discretionary budget authority. In a budget that provides for $542.4 billion in discretionary outlays and $512.3 billion in new discretionary budget authority, it is curious that the Administration has chosen to restrict the already limited housing opportunities of the poorest part of our rural population. Although this cut will have serious ramifications throughout the nation, it provides the federal government with savings of less than $200 million in new budget authority.

While subsidy budget authority for the Section 515 FmHA program is slated for a 63 percent reduction, the President's budget actually proposes to increase new budget authority for discretionary programs by 2.7 percent over fiscal year 1994 levels (adjusted for rescissions and supplementals). The Administration's budget proposes to cut discretionary outlays by only 1.4 percent overall. While NAHB supports proportionate spending reductions as part of the deficit reduction effort, the proposed slashing of funding for the Section 515 program certainly can not be justified as an equitable spreading of the burden. Instead, it must be viewed as a deliberate decision by the Administration to turn its back on disadvantaged rural renters.

Raising Minimum Required Borrower Contribution for the FmHA Section 502 Direct Loan Program

NAHB must seriously question the Administration's proposal to raise from 20 to 30 percent the minimum required contribution that FmHA Section 502 direct loan borrowers must make to principal, interest, tax and insurance payments. This change would apply to new borrowers, and also affect existing borrowers when they receive their annual income recertification.

This change could:

- prevent many potential borrowers from utilizing the program by making it economically infeasible for them to participate;
- cause program usage to drop, especially among those that qualify for the 40 percent very-low-income set-aside;
- increase default rates as borrowers are left with a much smaller income cushion against changes in income and non-housing expenses.

The Administration's proposed fiscal year 1995 budget justifies this policy choice as a need to "conform the amount required to be contributed by the borrower with other Federal Housing standards...". This reasoning is faulty. The 30 percent standard applies to HUD rental assistance programs that subsidize the difference between a renter household's income and their rent plus utilities. The 20 percent standard applies to the difference between 20 percent of a borrower's income and prinicipal, interest, tax and insurance payments only. Unlike HUD rental assistance recipients, Section 502 direct loan borrowers must pay for their own utilities and maintenance.

ECONOMIC STIMULUS OF RURAL HOUSING PROGRAMS

Rural housing programs of the Farmers Home Administration not only provide housing to Americans unable to obtain assistance from any other source, but create an economic stimulus which affects our entire nation's economy.

In fiscal year 1993, the Section 502 direct loan program produced 13,102 new homes, created 23,046 new jobs, generated $598.8 million in wages and had a total tax impact on federal, state and local government of $246.3 million. That same year, the Section 515 program produced 15,163 units, created 12,525 new jobs, generated $326 million in wages and provided federal, state and local governments with $128.4 million in tax revenues.

Under the Administration's budget proposal, about 9,000 fewer rural rental housing units will be built in fiscal year 1995. This translates into the loss of about 7,400 full-time equivalent jobs and $193 million in wages.

REORGANIZATION OF THE DEPARTMENT OF AGRICULTURE

The National Association of Home Builders applauds Secretary Espy's much needed efforts to streamline and consolidate the agencies of the Department of Agriculture. Such efforts are not only imperative to the reduction of the federal budget deficit, but are necessary to provide a higher level of efficiency and service to the American taxpayer.

NAHB is gratified that the Administration has asserted that "A core mission of the Department is to promote economic and community development in rural communities". The availability of affordable housing is an absolute prerequisite to rural economic development and growth. We are committed to the preservation of subsidized housing programs which serve our nation's rural poor, and strongly urge you to continue to promote their effective operation.

Without an adequate delivery system, today's well functioning rural housing programs would be rendered helpless. For instance, the cornerstone of FmHA's Section 502 single family direct loan program has been the localized access provided by the county field office structure. While some of these offices should be closed or consolidated due to lack of activity or close proximity to other offices, we urge that field office closings be performed after careful deliberation and industry input.

CONCLUSION

In conclusion, NAHB would like to thank Chairman Durbin, Ranking Minority Member Skeen and Members of the Subcommittee for their continued support of homeownership and rental opportunities for low and moderate-income rural Americans. We would also reaffirm our commitment to deficit reduction through balanced and proportionate shifts in programmatic spending and funding cuts. However, we reassert that the two proposals dicussed above are neither, and ask you to consider our views as you deliberate on these important funding decisions. We look forward to continuing to work with your Subcommittee in the production of decent, safe and affordable housing. Thank you.

CONSERVATION PROGRAMS

WITNESS

DONALD F. McKENZIE, CONSERVATION POLICY COORDINATOR, WILDLIFE MANAGEMENT INSTITUTE

Mr. DURBIN. Mr. McKenzie, you may proceed.

Mr. MCKENZIE. Thank you. I am Donald McKenzie, Conservation Policy Coordinator for the Wildlife Management Institute.

W.M.I. appreciates this opportunity to appear before the subcommittee and express our views on funding for agriculture conservation programs.

Agriculture policies and programs affect the condition of more land in the United States than any other agency, government or organization. As a result, ag programs have more influence than any other programs on wildlfe habitats and populations.

For a century, the United States has been draining its wetlands one at a time, primarily to promote agricultural production. This massive drainage effort has had tremendous negative impacts on continental wildlife populations and other natural resources.

The only way that these impacts can be even partially reversed is to restore wetlands one at a time on a large scale.

W.M.I. emphasizes that restored wetlands are not an end in themselves, but are a means to achieve other objectives. We believe that the most mileage can be obtained from limited wetland restoration funds by focusing these funds to implement identified strategies to achieve national goals. One of the most important goals, in our opinion, is restoring populations of migratory wildlife in North America.

Toward this end, a continental blueprint—the North American Waterfowl Management Plan—was produced in 1986 by U.S. and Canadian biologists. The North American has set quantified, achievable population objectives for many species of wetland wildlife.

The North American plan's strategy for achieving these objectives is to restore priority wetland ecosystems. Because of its quantified objectives and identified strategies, the North American Waterfowl Plan has a goal line, a point at which it will have achieved its objectives and can be considered completed.

The ASCS administers the wetlands reserve program which we believe is one of the soundest conservation programs ever devised. WMI considers the wetland reserve to be one of the best programs available to help implement the goals of the North American Waterfowl Plan.

When focused on such quantified, achievable plans, the WRP becomes a realistic means to achieve national objectives rather than simply a fly-specking program. WMI strongly supports the administration's request for $240.9 million to enroll up to 300,000 acres in the wetland reserve.

The soil conservation service is charged with the technical aspects of implementing USDA's conservation programs. SCS's technical assistance workload has increased dramatically since the conservation provisions of the 1985 and 1990 farm bills.

It is generally accepted now that SCS already is understaffed and underfunded to meet these tasks.

In addition to these challenges, USAD recently entered into a memorandum of agreement that granted SCS lead authority for making wetland determinations on all agricultural lands for all federal wetland programs, including Section 404 of the Clean Water Act.

This new authority is a massive responsibility that demands additional funding and staff. The administration apparently did not request funding to implement SCS's new wetland responsibilities under the MOA.

S.C.S. is determined that about $15 million per year will be needed to implement these new responsibilities alone. WMI thus recommends that an additional $15 million be provided to implement SCS's new wetland responsibilities under the 1994 MOA.

The administration did request $15.6 million in new funds to accelerate wetland determination under swampbuster provisions of the 1985 and 1990 farm bills. WMI strongly supports this requested funding as being essential for SCS to implement these responsibilities.

The administration also requested an additional $28.1 million for SCS technical assistance to meet its obligations for implementation of a 300,000-acre wetland reserve. We strongly support this increase for WRP technical assistance.

W.M.I. notes that the administration's budget proposes to phase out watershed and flood prevention operations by 1996. For several decades, the small watershed program has been implemented by SCS in ways that cause more environmental problems than they solve.

Even today, many obselete watershed channelization projects that were authorized 20 and 30 years ago still await funding. SCS repeatedly demonstrates its desires and intentions to fund these old structural projects.

W.M.I. conditionally supports the administration's stated intentions to phase out the small watershed program. We will not support any funding for this program until such obsolete structural projects are deauthorized and SCS makes the commitment to redirect the program predominantly toward environmentally compatible non-structural land treatment measures.

The animal damage control component of the animal and plant health inspection service is the federal agency responsible for implementing and developing methods of controling wildlife damage to crops, aquaculture facilities, forests and other agricultural resources.

It also has responsibilities for protecting the public health and safety by preventing animal collisions with airplanes at airports.

A.D.C. control programs often are controversial because some methods used to address animal damage problems are not acceptable to some segments of society. The only realistic solution for this dilemma is to develop new, socially-acceptable methods of control.

W.M.I. recommends that the administration's request for $9.3 million for ADC methods development be increased by $5 million to enable that agency to develop socially-acceptable and environmentally safe alternative technology resolving animal damage conflicts.

Mr. Chairman and members of the subcommittee, thanks for this opportunity.

Mr. DURBIN. Thanks, Mr. McKenzie. Let me tell you I can state my opinion on our position on wetlands, and I think it reflects what the subcommittee has done in the past, and whether it will be repeated in next year's appropriation remains to be seen.

But you have hit the nail on the head as far as I'm concerned because your testimony talks about achieving the restoration of priority wetland ecosystems, and that has been what we are all about here.

This idea of bringing every eligible wetland under the protection of the federal government I think is an invitation for a fiscal disaster, and it is far more important for us to work with people like yourself to make sure that we focus on areas where we can spend our money wisely, and achieve the results we want to achieve.

This committee has been criticized for going a little too slow in the past, but I think history will judge that our approach to it has been sensible. We put some 50,000 acres in the wetland reserve program in 1992 in nine states. We have extended it to another 75,000 acres in another 11 states in this year's appropriation, and come next year when the administration calls for $240 million and 300,000 acres, I am certain that our response is going to be comparable to previous years, saying let's do this in a targeted way, in a targeted fashion, to really go after priority wetlands as opposed to anything that might be eligible.

Living in the midwest, I am afraid the whole midwest is eligible after the floods of 1993, so we want to be sensible in the way we spend taxpayer's dollars, and still try to reach the same goals that you've described.

Do my colleagues have any comments?

Thanks for joining us.

Mr. MCKENZIE. Thank you.

[The information follows:]

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Statement of
Donald F. McKenzie,
Conservation Policy Coordinator

before the
House Committee on Appropriations
Subcommittee on Rural Development, Agriculture and Related Agencies

on
Fiscal Year 1995 Appropriations for the U.S. Department of Agriculture

March 8, 1994

Mr. Chairman:

I am Donald McKenzie, Conservation Policy Coordinator for the Wildlife Management Institute (WMI). WMI appreciates this opportunity to be here to offer our views on fiscal year (FY) 1995 appropriations for conservation programs of the U.S. Department of Agriculture (USDA). WMI is a private, non-profit scientific and educational organization staffed by professional natural resource managers. It has been dedicated since 1911 to the improved management of wildlife and related natural resources.

Agriculture policies and programs affect the condition of more land in the United States than programs of any other agency, government or organization. Agriculture programs thus have more influence than any others on wildlife habitats and populations. For most of this century, the influence of agriculture on wildlife and its habitats has been negative. Policies and subsidies have been oriented to maximize production, often at the expense of conservation. WMI believes, however, that the same forces that have been used in ways detrimental to wildlife can be used in other ways to restore wildlife. USDA agency infrastructure and important conservation programs already exist to accomplish this task.

Agricultural Stabilization and Conservation Service

For a century, the United States has been draining its wetlands, one at a time, primarily to promote agriculture. Much of this drainage has been fostered by USDA subsidies and technical assistance. This massive drainage effort has had tremendous negative impacts on continental wildlife populations and other natural resources. The only way that these impacts can be even partially reversed is to restore wetlands on a large scale, one at a time.

WMI emphasizes that restored wetlands are not an end in themselves, but are a means to achieve other objectives. We believe that the most mileage can be obtained from limited wetlands restoration funds by focusing them to implement identified strategies to achieve national goals. One of the most important goals, in WMI's opinion, is restorating populations of migratory wildlife in North America.

Toward this end, a continental blueprint--the North American Waterfowl Management Plan (NAWMP)--was produced in 1986 by biologists from the U.S. and Canada. The goal of the Plan is to rebuild migratory waterfowl populations. The NAWMP has set quantified, achievable population objectives for all the species of wetland-associated wildlife for which sufficient continental-scale data exists. The NAWMP's strategy for achieving these objectives is to restore priority wetland ecosystems. The Plan identifies priority regions of the continent and important wetland types for restoration. Because of its quantified objectives and these identified strategies, the NAWMP has a "goal line", a point at which it will have achieved its objectives and can be considered completed.

The Agricultural Stabilization and Conservation Service (ASCS) administers the Wetlands Reserve Program (WRP), one of the soundest conservation programs ever devised. WMI considers the WRP to be one of the best programs available to help achieve the goals of the NAWMP. When focused on such quantified, achievable plans, the WRP becomes a realistic means to achieve national objectives rather than merely a "flyspecking" program. *WMI strongly supports the Administration's request for $240.9 million to enroll up to 300,000 acres in the WRP in FY 95.*

Soil Conservation Service

The Soil Conservation Service (SCS) is charged with the technical aspects of implementing USDA's conservation programs. SCS's technical assistance workload has increased dramatically since the conservation provisions of the 1985 and 1990 Farm Bills. It is generally accepted that SCS already is understaffed and underfunded to meet these tasks.

In addition to those challenges, USDA entered into a Memorandum of Agreement (MOA) with the Departments of Interior and the Army and the Environmental Protection Agency in January 1994. This MOA granted SCS lead authority for making technical wetland determinations on all agricultural lands for all federal wetlands programs, including Section 404 of the Clean Water Act. This new authority is a massive responsibility that demands additional funding and staff. SCS's conservation responsibilities are too important to farmers, to the public and to natural resources to not provide the essential funds.

The Administration apparently did not request funding to implement SCS's new wetland responsibilities under the MOA. SCS has determined that about $15 million per year will be needed to implement these new responsibilities, alone. These responsibilities are so important to the nation and its landowners, and so far-reaching, that the necessary resources must be provided to SCS. *WMI recommends that an additional $15 million be provided in FY 1995 to implement SCS's new wetland responsibilities under the 1994 MOA.*

The Administration did request $15.6 million in new funds to accelerate wetland determinations under Swampbuster provisions of the 1985 and 1990 farm bills. These critical activities essentially have been suspended for almost three years, but will resume at a rapid pace in 1994. *WMI strongly supports this requested funding as being essential for SCS to appropriately implement the wetland conservation responsibilities of the 1985 and 1990 farm bills.*

The Administration also requested an additional $28.1 million (for what used to be reimbursable expenses from ASCS) for SCS technical assistance to meet its obligations for implementation of a 300,000-acre Wetland Reserve Program in FY 1995. *WMI strongly supports this increase for WRP technical assistance.*

WMI notes that the Administration's budget proposes to phase out Watershed and Flood Prevention Operations by 1996. For several decades, the Small Watershed Program (PL-566) has been implemented by SCS in ways that cause more environmental problems than they solve. Even today, many obsolete watershed channelization and drainage projects that were authorized twenty and thirty years ago still await funding. SCS repeatedly demonstrates its desires and intentions to fund these old structural projects.

WMI conditionally supports the Administration's stated intentions to phase out the Small Watershed Program by FY 1996. WMI will not support any funding for this program until such obsolete structural projects are deauthorized and SCS makes the commitment to redirect the program predominantly to environmentally-compatible nonstructural land treatment measures.

Extension Service

Since the majority of the land in the United is privately owned, it is important that the Cooperative Extension System (CES) be adequately funded to help the nation's private landowners and managers use new technologies to move toward a more sustainable society. WMI supports expanding CES programs in natural resource public policy on such critical issues as wetlands and endangered species, as well as strengthening its programs in urban and community forestry and environmental education as called for in the 1990 FACT Act.

We note that the Administration's budget requests level funding for Smith-Lever 3(b&c) funds, but requested an overall reduction of $2.141 million. WMI appreciates efforts to continue level funding for Smith-Lever base and targeted programs. However, level funding represents a decreased operational capacity as well as reduced ability to redirect limited funding to address critical emerging issues. *WMI recommends a four percent increase for CES, by raising Smith-Lever 3(b&c) funds to $282.4 million,* ***provided that*** *not less than 35 percent of this increase be applied to environmental stewardship education programs as part of CES's Natural Resource and Environmental Management Education programs.*

WMI notes that $4.963 million has been requested in the Administration's budget for sustainable agriculture. *WMI recommends that not less than 20 percent of the total appropriation for sustainable agriculture should be dedicated to restoring, managing and sustaining the environemnt and the nation's natural resource base upon which the agricultural economy depends.*

Animal Health Inspection Service - Animal Damage Control

The Animal Damage Control component of the Animal and Plant Health Inspection Service (APHIS-ADC) is the federal agency responsible for implementing and developing methods of controlling wildlife damage to crops, aquaculture facilities, forests and other agricultural resources. It also has responsibilities for protecting the public health and safety by preventing animal collisions with airplanes at airports. APHIS-ADC's control activities are cooperatively funded through state and county governments and private producers, and generally are integrated into state wildlife management programs.

Insufficient operational funds for completion of APHIS-ADC's National Environmental Policy Act (NEPA) compliance documents has resulted in cessation of its involvement in animal damage control activities in several areas of the country. Consequently, wildlife depredation problems are being addressed privately. This situation has put the public's wildlife at risk because the selection of control methods now is left to the discretion of private individuals, with no federal oversight. *WMI recommends that the current budget proposal of $23.5 million for APHIS-ADC Operations (a reduction of $2.6 million) be increased by $1.0 million to enable the agency to complete the site-specific NEPA documents that will identify the local impacts of its programs and allow resumption of federal involvement in all animal damage control activities.*

APHIS-ADC control programs often are controversial because some methods used to address animal damage problems are not acceptable to some segments of society. The only realistic solution for this dilemma is to develop new, acceptable methods. WMI does not support the philosophy that new research be funded by decreasing operational funds and transferring the savings to research. *WMI recommends that the Administration's request of $9.3 million for APHIS-ADC Methods Development be increased by $5 million to enable the agency to develop socially acceptable and environmentally safe alternative technologies for resolving animal damage conflicts.*

The overall quality of the research conducted by APHIS-ADC is directly related to the facilities in which that research is conducted. Because of suburban encroachment and obsolete facilities, the Denver Wildlife Research Center has become inadequate to conduct the research needed to develop solutions to current and future problems associated with wildlife damage management. APHIS-ADC has committed several million dollars to relocate this facility to Colorado State University in Fort Collins. Without additional funds this facility will be only partially completed and even less suited to develop answers to difficult problems. *WMI recommends that $5 million within the current APHIS Building and Construction Funds be allocated for each of the next five years to construct this new facility.*

Mr. Chairman, thank you for the opportunity to offer these recommendations.

Mr. DURBIN. We are going to take a break, so we can answer two votes. For those who are going to testify, you probably won't see us for another 25 minutes so you can relax and have a good time, we'll be back.

[Recess.]

CONSERVATION PROGRAMS

WITNESS

NORMAN A. BERG, WASHINGTON REPRESENTATIVE, SOIL AND WATER CONSERVATION SOCIETY

Mr. DURBIN. The next testimony is from Dr. Norman A. Berg of the Soil and Water Conservation Society. We are glad to have you here.

Mr. BERG. Thank you, Mr. Chairman. I am Norm Berg, and as the Washington, D.C. representative of our society for the past 12 years, I request that our full statement be made part of the hearing record.

Mr. DURBIN. Without objection.

Mr. BERG. Prior to this part-time duty, I had served nearly 40 years in USDA, and was privileged to serve as SCS's chief before leaving in 1982. It's a great agency with dedicated conservationists carrying out diverse soil and water activities, including the very pressing emergency work in the midwest.

Most of their activities are assigned by laws enacted by Congress.

Incidentally, our society is headquartered just north of Des Moines in a little town called Ankeny, and when you see shorts on the TV that says if you want more information on soil and water, dial 1–800–THE SOIL, that's where that phone call goes to.

Our testimony is to request sufficient funds for such important soil, water, and watershed activities as USDA's research extension and technical and financial assistance to help those land users who produce our food and fiber each year.

As the Congress allocates the close to, or maybe more than a trillion and a half for use in fiscal year 1995 by all of the federal agencies, and something over $60 billion for USDA, we think are recommendations are modest, given the importance of protecting the renewable natural resource base on which American agriculture and a host of other living creatures including human activities depends.

Our testimony, in brief, supports increased spending for conservation technical assistance within USDA's SCS, and avoiding a projected 7 to a 9 percent reduction in the agency's staffing level at a time when the nation's farmers need such assistance to implement fully their conservation compliance plans, and other high priority work.

We recommend increased spending for conservation cost-share programs, particularly the water quality incentive programs, the Great Plains conservation program, and a very carefully administered wetland reserve program. These have proven very popular and can be very effective.

We do not accept the proposed phase-out of the small watershed program, but rather would join in determining how this 40-year old program can be adapted to more effectively achieve soil erosion control, flood prevention, water supply, wildlife enhancement, recreation and other conservation benefits including some of the actions that will come from the standpoint of clean water reauthorization emphasizing additional work in the non-point area.

Finally, we recommend funding sufficiently agricultural research and extension programs so essential to a healthy, productive, profitable and environmentally responsible agricultural sector of this great country.

We have attached a table to our testimony to show the recommendations of our society.

Thank you again for the long-term support you've given to soil, water, and watershed conservation programs.

Mr. DURBIN. Dr. Berg, do I take it from your testimony that you see this wetland reserve program funding level differently than I described earlier?

Mr. BERG. I see it as a very important program that's having some difficulty getting acceptance by the land users. There has been a lot of interest and people indicating interest, but when they finally get to the bottom line as to what that's going to require, it's going to take a lot of patient work, and the experience that we've had and Ralph Grassi will testify later with the American farmland trust, indicating what it takes to convince people to put easements on their property is something that I think we can all recognize as a very tough challenge.

Now, in our budget recommendation, we're not supporting the full recommendation in terms of funding because we think that that program can move ahead, but it is going to move at a more modest pace.

Mr. DURBIN. I think that's the way we view it, that in fact, it may be wise that it move ahead at a modest pace so that we don't overreach, and that we do try to address limited resources to the highest priorities, as testimony from wildlife management, the high priority ecosystem.

Let me ask you one other thing, and it is not related directly to this appropriation, but indirectly—I'm sure that you have a keen interest in the next farm bill and what might be included in that bill relative to soil and water conservation.

Do you, in the course of considering your strategy for this bill, try to chart out the goals of your society and put some dollar cost to those goals over the course of the next farm bill?

Mr. BERG. Yes, I think that's a very important feature in what needs to be done when we look as to what might be the options. There are many, many issues that are going to be raised, and I think we need to have more understanding of what the land users will support in this country.

For instance, we just had a recent conference on the future of the conservation reserve program with the 36 million acres that will begin coming back out of that program. Where should the priorities be in terms of that most sensitive land, and what would be required in the way of funding?

And the same will be true in terms of dealing with the non-point source problems that we have, what needs to be done to keep the compliance plans going on beyond this year, how to deal with the wetland issue in terms of delineation and retention, and all of the things that are going to come before the legislative process, I think need to be evaluated in terms of what really deserves priority as we head into the next century.

Mr. DURBIN. Attaching to those priorities costs so we can then sit down and make our choices, realizing that we have finite resources and a bigger agenda than we have resources to meet.

Mr. BERG. And there are many organizations that would like to help on this that are coming up with their own thinking, and there have been some recent conferences that we've been engaged in that indicate a variety of programs that might be considered, and then putting tough priorities on the ones that need to really be analyzed in terms of being cost-effective.

Mr. DURBIN. I for one would like to sit down with you sometime and talk that over.

Mr. BERG. I would appreciate that chance.

Mr. DURBIN. I think that could be a valuable conversation. We end up paying the bills here, and I think it would be interesting to see how they formulate the priorities.

Any questions from the subcommittee?

Okay, thanks for your testimony

Mr. BERG. Thank you.

[The information follows:]

Testimony by

Norman A. Berg, Washington Representative
Soil and Water Conservation Society

before the

Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies
Committee on Appropriations
United States House of Representatives

March 8, 1994

Mr. Chairman and members of the subcommittee:

The Soil and Water Conservation Society (SWCS) appreciates this opportunity to testify in support of fiscal year 1995 funding for a variety of U.S. Department of Agriculture (USDA) agencies and natural resource conservation programs. SWCS is an international association of 11,000 professionals in natural resource management and others who advocate the conservation of soil, water, and related resources, a mission we will have pursued for 50 years come 1995.

The proposed budget for USDA submitted to the Congress by the Administration contains, in our view, some very encouraging numbers as well as some extremely disturbing ones. We hope the Congress will again act, as it did in the case of the fiscal year 1994 budget, to ensure sufficient funding for such important activities as research, extension, and conservation technical and financial assistance.

SWCS clearly recognizes the constraints imposed upon this subcommittee and the Congress by the Budget Enforcement Act and related considerations. We think our recommendations are prudent, given the importance of protecting the natural resource base on which American agriculture and a host of other human activities depend. There is every reason now to strengthen USDA's conservation and environmental mission, not to weaken it at the expense of other programs that will have far less influence on the public's continuing health, safety, and welfare.

The 1985 and 1990 farm bills placed significant new program management responsibilities on many USDA agency personnel generally and on Soil Conservation Service (SCS) personnel in particular. Included were the conservation compliance, sodbuster, and conservation reserve programs to control soil erosion and enhance wildlife habitat; the swampbuster and wetland reserve programs to protect the nation's diminishing acreage of wetland resources; and the water quality incentives and integrated farm management option programs to reduce environmental pollution and encourage the use of more sustainable farming practices.

Given these numerous initiatives, all of which represent sound public policy in the minds of most Americans, it seems only logical that the Congress and the Administration would want to allocate sufficient money and personnel to make the programs work as effectively and efficiently as possible. It is on this premise, then, that SWCS offers the following specific comments with respect to the budget proposal now before your subcommittee:

First, the need for conservation technical assistance among the nation's farmers and ranchers remains high, what with the approaching deadline for full implementation of conservation compliance plans, the pending expiration of many conservation reserve program contracts, the continuing emphasis on wetland protection, and the anticipated need to deal with nonpoint sources of water pollution. Many of the more than one million farmers with highly erodible land need some measure of technical assistance to implement fully and then maintain their conservation compliance plans. Failure to do so could result in their being penalized for noncompliance in 1995 and beyond. Moreover, the recent agreement for making wetland delineations on agricultural land among the Environmental Protection Agency, Army Corps of Engineers, Fish and Wildlife Service, and SCS will add substantially to the workload of SCS field personnel. Only two-thirds of the delineations required by the 1985 and 1990 farm bills have been completed, and no process is yet in place to update those delineations periodically. It is unrealistic, therefore, to reduce spending for conservation technical assistance and, thus, lower the staffing ceiling within SCS from seven to nine percent between fiscal year 1994 and fiscal year 1995, as the Administration's budget proposal would do.

The whole matter of "downsizing" within a number of USDA agencies has been the focus of considerable study and debate of late. The Administration's budget proposal seemingly calls for a reduction in office locations as well as personnel within agencies other than SCS--the Agricultural Stabilization and Conservation Service and the Farmers Home Administration, for example. This apparent decline in staffing levels appears to us to be much too severe, given the importance of the programs administered by those agencies.

Second, it is likewise unrealistic to reduce spending for the multiple conservation cost-sharing programs, such as the Agricultural Conservation Program, Forestry Incentives Program, and Water Bank, that are intended to complement the conservation technical assistance program of SCS. Many of the nation's farm and environmental interest groups support the use of incentive-driven solutions to agriculture's natural resource problems, as opposed to regulatory solutions. This being the case, it is incumbent on the Congress to fund such programs as the Water Quality Incentives Program and the Wetland Reserve Program at levels that will allow the programs to achieve far more of their potential than has been the case to date. In addition, many state and local governments are now increasing their financial appropriations to programs designed to improve the environment, a priority supported time and again by America's taxpayers. To reduce the federal commitment to cost-sharing programs sends the wrong signal to those nonfederal partners who are prepared to help achieve the environmental improvement goals that most of us seek.

Third, the severe reduction and ultimate elimination of the small watershed program within SCS is unwise at this time. The original concept of this program--conservation treatment of upland areas--was well-founded, and the program is currently being redirected to give added emphasis to nonstructural land treatment measures. Moreover, with the current emphasis on water quality improvement using a watershed-based approach, there is every reason to evaluate the small watershed program's achievements and determine not only what applicability this program might have to resolving the nation's water quality concerns but also how it might be used further to achieve a range of soil erosion control, flood prevention, water supply, wildlife enhancement, recreation, and other conservation benefits. Once again, too, there is a substantial commitment to the program by a host of nonfederal partners that cannot be ignored.

Fourth, the Congress cannot allow this nation's agricultural research and extension effort to be diminished. The success of American agriculture rests largely on a dynamic research and extension program, and while the focus of that program may change somewhat, research and accompanying technology transfer remain essential to a healthy, productive, profitable, and environmentally responsible agricultural sector in this country. This accounts for our vigorous support of increased funding for the National Research Initiative and related components of USDA's research institution.

Thank you!

Soil and Water Conservation Society(SWCS)
Fiscal Year 1995 Federal Funding Recommnedations

Agency and Program	FY'94 Current Estimate	FY'95 Proposed (Administration)	FY'95 Recommended (SWCS)	
USDA Agencies	(In Millions of Dollars)			
Soil Conservation Service				(1)
Conservation Operations				
-Conservation Technical Assistance(CTA)	556.9	576.5	666.0	(2)
-Soil Surveys	73.9	75.3	85.0	
-Snow Surveys	5.8	5.8	8.0	
-Plant Materials Centers	8.1	8.9	9.0	
Conservation Operations Subtotal	644.7	666.5	768.0	
-River Basin Surveys	13.5	11.0	14.0	
-Watershed Planning	10.9	7.4	10.	(3)
-Watershed Operations	267.0	25.0	242.	(4)
Emergency funds(Midwest)	53.6	00.0	24.0	(5)
Last suppl.is $340 million				
-Resource Conservation and Development	32.9	26.2	34.0	
-Great Plains Conservation Program	25.7	10.9	26.0	
Subtotal	403.6	80.5	350.0	
Total SCS	1,048.3	747.0	1,118.0	
Agricultural Stabilization and Conservation Service				
-Agricultural Resources Conservation Program(ARC)				
Conservation Reserve	1818.7	1807.7	1,808.0	(6)
Wetland Reserve	61.4	240.9	150.0	(7)
-Agricultural Conservation Program(ACP)	184.9	100.0	200.0	(8)
-Forestry Incentives	12.8	6.6	12.0	(9)
-Water Bank	7.4	8.0	10.0	(10)
-Colorado River Salinity Control Program	8.8	8.4	10.0	(11)
Total	2,094.0	2,171.6	2,190.0	
Funds transferred to SCS:Office of Surface Mining(RAMP)	13.2	000.0	13.4	(12)
Research for Conservation	84.9	83.3	85.0	(13)
National Research Init.	112.2	130.0	200.0	(14)
Sustainable Agr.	7.4	8.8	10.0	
Extension Service(General			275.0	(15)
Formula & Nat'l Int.Funds)	300.6	305.0	305.0	(16)
Economic Research Service	55.3	53.7	56.0	(17)
FmHA(Loans for SCS RC&D & Watershed Projects)	5.0	5.0	5.0	(18)

Explanatory Notes

(1) The President's FY'95 Budget proposes SCS be renamed as the Natural Resources Conservation Service(NRCS). The reorganization proposal pending in Congress,and in the FY'95 USDA Budget proposal,has all Farm Service Agency(FSA)cost-share and acquisition funds,except the financing and administration of the Conservation Reserve Program(CRP),moved into the NRCS appropriation.

(2) SWCS considers this line item as most important to give the SCS(NRCS)the funds and personnel needed to assist landusers to complete installation of Conservation Compliance Plans,by law,in 1994.Also,by agreement USDA has the responsibility to delineate agricultural wetlands for Corps,EPA,and Fish & Wildlife related actions.
(3) Program to be phased out in FY'96 according to Budget,
(4) Program to be phased out in FY'96 according to Budget,
(5) Latest supplemental($340 million)not in FY'94 estimate, but could be available for use in FY'94 and FY'95,
(6) The proposed FSA would finance the CRP contracts,
(7) The proposed NRCS would have the responsibilty for all other cost-share and acquisition programs in USDA,
(8) See above,
(9) See above,
(10)See above,
(11)See above,
(12)This program has been recommended for termination by the U.S.Department of Interior,
(13)The USDA FY'95 Budget Summary states"existing agency structure will be streamlined by combining the programs of ARS,CSRS,Extension Service,and NAL into the Agricultural Research and Education Service(ARES)".
(14)Needed as important extramural environmental research.
(15)See above,
(16)See above,
(17)The Economic Research Service,with closer organizational relationship with others,is not part of the "ARES".
(18)This function of FmHA would become part of the proposed Rural Utilities Service(RUS)under Rural Economic and Community Development.The need for Small Waterhed Loans would be tied to the future of the total program.

Finally,the Secretary of Agriculture's reorganization proposal for the Department of Agriculture,is currently under consideration by the U.S.Congress.However,the Fiscal Year 1995 proposed budget is presented to Congress on the basis of that reorganization plan.Therefore,SWCS in support of the Secretary's mission to strengthen the USDA's natural resources and environmental area,has recommended FY'95 funding that will help people conserve,improve,and sustain both our Nations'natural resources and our Nations' economy.

USDA BUDGET REQUEST

WITNESS

ANDREW WHISENHUNT, PRESIDENT, ARKANSAS FARM BUREAU FEDERATION, REPRESENTING THE AMERICAN FARM BUREAU FEDERATION

Mr. DURBIN. Andrew Whisenhunt of the American Farm Bureau Federation. Welcome.

Mr. WHISENHUNT. Thank you, sir. Mr. Chairman, I am Andrew Whisenhunt, a cotton, grain and timber producer from Bradley, Arkansas.

Mr. DURBIN. Now I know why Mr. Thornton knew your name. [Laughter.]

Mr. WHISENHUNT. He's been a dear friend for a long time.

I'm president of Arkansas Farm Bureau Federation, and I am pleased to present the American Farm Bureau Federation's statement on the fiscal year 1995 USDA budget to this subcommittee.

The American Farm Bureau Federation is the nation's largest general farm organization with a membership of over 4.2 million member families in all 50 states and Puerto Rico.

Farm Bureau members produce virtually every type of commodity grown commercially in this country. Our policy is developed by producer members at the county, state, and national levels of our organization.

We are pleased that no commodity program policy amendments have been proposed as a method of achieving additional agricultural spending reductions, as has often been the case in the past. However, we have noted with some concern that there appears to be an on-going reallocation of funds within the proposed USDA budget.

Specifically, nearly all the proposed funding reductions are in the areas that affect, directly or indirectly, farm production. For example, cutbacks are proposed in the area of export subsidies, market promotion, natural resources and production research.

On the other hand, the increases in budget allocation are almost exclusively in the area of food and nutrition and rural development.

I would like to visit with you for a few minutes on the different areas. The first, export promotion—in the area of export subsidies, AFBF believes that the cuts proposed would prove detrimental to our ability to compete in world markets, and here is the reason why.

With NAFTA successfully passed and the Uruguay Round of GATT almost completed, there may be some misperception that the competition for world markets is over. Nothing could be further from reality.

First, most of the scheduled reductions in tariffs and subsidies are extended over a five to ten year period, and in a few instances, even longer. Moreover, if and when the GATT is fully implemented, EC subsidies will only be reduced 21 percent in the volume of exports and 36 percent in the total amount of money allocated for export subsidies.

While GATT requires a reduction in the use of export subsidies, it specifically allows the use of funds for market development, market promotion, humanitarian or food assistance, and other so-called green box programs.

Yet, these are the very programs which would be significantly reduced under the President's proposed budget for fiscal year 1995. For example, under the President's budget, funding for foreign market development, the market promotion program, and P.L. 480 would be cut by $320.7 million—or more than $1.5 billion over the next five years.

Such cuts not only threaten the continued effectiveness of such programs, but significantly reduce the ability of U.S. agriculture to fully realize any of the promised benefits under the GATT.

In fact, U.S. agriculture will be at a serious disadvantage since foreign competitors can be expected to maintain their support for similar programs and to shift additional resources into green box activities to enhance their share of the world market.

Under pesticides, the administration's pesticide reform package sets a goal of IPM implementation on 75 percent of the crop acreage by the year 2000. USDA's proposal of an additional $10 million to develop biological pest controls and to develop and test improved IPM strategies is wholly inadequate, especially in light of EPA's intention to begin pesticide cancellations.

U.S.D.A.'s budget does not address or even acknowledge the farm level problems caused by the cancellation of at least 30 pesticides used on over 80 crops. In addition, it ignores the reality of widespread pesticide cancellations on minor crops due to re-registration process.

If the administration is truly committed to reducing pesticide use while maintaining farm profitability, there must also be a commitment to seek additional funds to find alternatives to pesticides.

The Farm Bureau has long supported research to find alternatives, but the administration seems more interested in canceling pesticides first, and finding alternatives later. Additional funding for alternatives research needs to be the cornerstone of any pesticide reform package.

An additional $10 million to find alternatives does not address the administration's goals and it won't find alternatives for farmers and consumers before our current products are eliminated.

This problem is particularly acute for minor crops. The declining number of pesticide tools is leaving many farmers without the ability to protect their crop investment.

On the positive side, we support the increased emphasis and funding on finding an economic and effective alternative to methyl bromide. Methyl bromide is used throughout the United States on a wide variety of crops and its use reduces pesticide application rates for many commodities.

Crop insurance—the Farm Bureau supports, and I will read for the sake of brevity, the elimination of all agricultural crop-specific federal disaster programs in favor of federal or private crop insurance programs, and these can be combined into a single program, and designed to obtain the greatest amount of participation.

We think the administration is headed in the right direction, but there are some problems that we have, and that has to do with mandatory linkage between the support program participation and getting Farm Home Administration loans or crop insurance.

The current proposal does not satisfy the requirement that it be voluntary. Even though the linkage in the proposed program is limited to participation in the catastrophic coverage portion of the crop insurance program at a nominal fee, it establishes a mechanism that could become very burdensome for our producers.

And if this linkage between crop insurance and price support program participation remains, then Congress would face a very difficult task of making sure that appropriate measures are taken to isolate the catastrophic portion of the coverage from the future budget reconciliation considerations.

Another shortcoming of the crop insurance reform package is its reliance on yield as a trigger mechanism for insurance payout. The Farm Bureau strongly favors coverage based on dollars per acre rather than yield. Reliance on yield as a trigger mechanism tends to skew the program in favor of high-risk production acres and makes it much more likely that gaps in coverage will exist.

On food safety, proposed $103 million annual cost of all meat and poultry inspection services beyond the first eight-hour shift a day be recovered through a user fee. This fee would be assessed from packers and processors by the Secretary of Agriculture.

We, like every other consumer, producer, labor or industry organization or any other public policy group, do not support this proposal.

A basic responsibility of the federal government has been to provide for the health and the safety of the American public and attempts to shift the cost to producers or industry will erode consumer confidence in the system at a time when efforts are being made to strengthen it.

Concerning the packers and stockyard act, the budget proposes legislation to authorize the collection of $12.2 million of license fees to cover all the costs associated with administering the packers and stockyards act. We oppose this change.

Everyone in the marketing chain, including consumers, benefit from the P&SA regulatory services to prevent deceptive trading practices that impact the price of the final product. Furthermore, the license costs will be passed back to the producers who are already facing increasing operating costs.

Animal disease control and the eradication programs, and we are simply asking that funds be restored for bovine and porcine brucellosis eradication to the fiscal year 1994 level of $31.0 million and for emergency programs to $11.9 million.

We are at the very edge of eliminating this very costly and terrible disease in our livestock, and now is not the time to reduce that funding when it is finally in sight.

Natural resources, as has been stated in testimony here, the damage from the 1993 floods in the midwest are significant, and widespread, and we support the budget proposal for $340 million in additional supplemental funds for disaster relief.

Likewise, we support the westlands reserve program with funding of $241 million to enroll 300,000 new acres in a nationwide program.

We are also concerned about the scheduled decline in funds for the agricultural conservation program from $185 million to $100 million. In total, the budget for the natural resources environmental area has been reduced nearly $525 million.

We are extremely concerned about the forest plan for the Pacific Northwest as identified in the budget. It is basically an ecosystems management approach that is untested and unproven. We are of the opinion that the $180 million budgeted in this area could be more efficiently utilized in some of the other areas we've identified previously.

Turning to research, we question the decrease in overall research funding and the minimal increases in the national research initiative.

As we move away from price supports toward obtaining a great portion of farm income from the market place, it is important to have a solid research base to aid in this transition. Decreasing the total agricultural partnership research budget by over $90 million will make this extremely difficult.

A.F.B.F. believes that research is critical to developing markets and reducing agricultural production costs, but there are also valuable programs to commercialize products that result from research activities.

The alternative agricultural research and commercialization center is an example of an effective program that has transformed theoretical research into practical production and we support continuation of funding for this program.

We thank you for allowing us to speak and for the hard work that you do, and for the opportunity to appear before you today.

Thank you, and I would be glad to answer any questions.

Mr. DURBIN. Thank you, Mr. Whisenhunt, for your testimony. Last year Congress faced a very tough vote on the President's deficit reduction plan. The American Farm Bureau Federation opposed the President's deficit reduction plan. In fact, they put it on their scorecard for members of Congress this year.

At the time when I discussed it with my local farm bureau, they said to me that they opposed it, and they thought that a better alternative would be to cut spending, and they weren't very specific.

Now, this year for the first time after that deficit reduction plan has gone into effect, the Farm Bureau Federation is testifying before this committee which spends the money.

I note with only one exception in the five pages of testimony you have asked for more spending.

Mr. WHISENHUNT. Right.

Mr. DURBIN. The only exception being in an environmental program involving the Pacific Northwest. What would you have us cut in this bill to reduce the deficit, either to meet the President's target—the little over a billion dollars—or beyond that?

Mr. WHISENHUNT. I have not looked at the specifics, but when we look at the overall budget, that has not been cut in USDA that much, but the production side has been cut year after year after year in the areas—as far as the commodity loan programs that target prices, deficiency payments, our farm research, those have been cut and cut until we are about to run out of cuts.

Mr. DURBIN. I thought the position of the American Farm Bureau was in opposition to these government programs in the belief that the marketplace was the best mechanism to determine price through supply and demand, and that the government should basically get out of the farm business, is that not correct?

Mr. WHISENHUNT. This is a goal that we have set for many years, but there is no economy that has been depressed. Let me give you an example.

In 1974, I grew my first rice crop. I sold it with no government help at $6.50 a bushel. Because of the concerns of the state department and others, and events that have happened halfway around the world, our market for rice has declined, and for the last two or three years, in fact, we sold our 1992 rice crop for $2.00 a bushel, and we held it until July of 1993.

This same thing can be said of cotton. In 1952, I sold my first cotton crop for $.40 a pound. Labor was $4.00 a day. Now it's $50 and above. A big tractor then was $3,000. Now it's $60,000 or $70,000.

Everything has gone up ten times or more.

Mr. DURBIN. Has your productivity gone up in that same period?

Mr. WHISENHUNT. This is the only way we've been able to stay in business, and we have reached every corner with minimum till, no till, integrated pest management, we've used it for years in our area.

All of the farmers that were not excellent farmers are gone, and I lost two of my best neighbors that were 65 and 68 years old this year that worked everyday and they lost their farm simply because the price that we receive.

For instance, $.50 to $.55 for cotton and 35 or 40 years ago, I got $.40 for it. There is something wrong when I pay ten times as much for all of my input costs, and I don't even get a 50 percent increase.

Mr. DURBIN. Let me ask you about product though. I think you are making an argument for government programs as opposed to the marketplace.

Mr. WHISENHUNT. I'm saying that when there is not a level playing field, and I could give you an example there if you have the time.

Mr. DURBIN. Sure.

Mr. WHISENHUNT. In 1979, I had a rice crop just harvested. We could not sell it. It was not on the board at that time, and we couldn't sell it ahead. We had to dry it and then send samples to get bids.

I had dried mine and sent it. During that time, something that happened halfway around the world—the taking of the hostages in Iran—I don't know all of the ramifications, but the taking of the hostages in Iran shut our market off over there.

I know I lost $1.50 a bushel on my rice, $135,000 that I've never been able to regain. And when we look at the promises that have allowed the European community to build an agricultural base and to sell their products to the government at three and four times the price that we get, and then the government over there competes with us and undercuts us, and we've lost market after market after market.

We don't have a level playing field. I've worked for years in the soybean production program, and I saw them taken away time after time, by state department decisions, and the thing was true with the 1985 farm bill when we tried to get the rice marketing plan. Thailand people were over here lobbying against it, and some of our state officials from the state department were helping.

And all we are asking for is a level playing field.

Mr. DURBIN. Let me ask you specifically about crop insurance. You said that the administration's proposal "establishes a mechanism that could become very burdensome for producers."

That mechanism is $50 a crop, $100 a farm. It is nothing more than the paperwork expense to give away, literally give away catastrophic crop insurance to the farmers. What is burdensome about that?

Mr. WHISENHUNT. Because it makes it mandatory that we do it, once that's in place.

Mr. DURBIN. Let me——

Mr. WHISENHUNT. Will it stay at the $50 or $100?

Mr. DURBIN. Let's see if you and I can strike a deal here. If I'm prepared to say that crop insurance is not mandatory, are you prepared to say that every farmer that gets in the program has to sign a waiver of any disaster benefits?

Mr. WHISENHUNT. I can't speak for the other farmers, but I think that would be fair.

Mr. DURBIN. It's the only fair way to go because what we're trying to do with crop insurance is get out of the disaster payment business.

Mr. WHISENHUNT. And those office that are farmers are wanting to get out. It is not an easy situation when you go and beg, when there is a disaster and you've lost everything, to have to go and beg so that you can at least start another crop.

On the other hand, the insurance program does not work.

Mr. DURBIN. Sure it does.

Mr. WHISENHUNT. Everyone that has tried it says it's a failure. They tie it to yields, and yet the only way you would ever have one is to try to have it to some extent actuarilly sound and tie it to something that is real, and that is dollars per acre.

Mr. DURBIN. Thank you. Mr. Thornton.

Mr. THORNTON. Thank you, Mr. Chairman, and I really appreciate that line of questioning because I think it revealed that this witness is above all else, a fair and reasonable-minded man.

I think the Farm Bureau position against government interference is an ideal, like world free trade, but if you don't have that ideal, if other nations are subsidizing their crops, and if agriculture productivity becomes a tool of state department embargoes and other things like that, then his testimony is not mistaken in saying that we need P.L. 480 funds because it encourages production.

Am I mischaracterizing your feeling on that, Mr. Whisenhunt?

Mr. WHISENHUNT. No, sir, no, sir. We would love to have, I would love to farm like I did in the late 70's, through the 70's. I didn't have to go to the ASCS office for everything. I didn't have to depend on a deficiency payment and cutting back my acreage. I could farm and things went well until all of a sudden, the markets fell out, we lost our markets.

We were selling one-third of Arkansas' long grain rice to Iran and we lost it overnight. I was selling, we were selling Iraq a tremendous amount of our long grain rice, and all of a sudden it was gone.

We have lost market after market that had nothing to do with our ability to farm and our attempts to try to market our product, but other forces have created a very desperate situation.

Mr. THORNTON. And yet, this is the world that we live in.

Mr. WHISENHUNT. Right.

Mr. THORNTON. And therefore we need to have some government action. The insurance thing, I liked your answer on that. Your problem is a mistrust that once we set it in place, the price will go up and it will become very unreasonable.

At the same time, the present situation where we have an insurance program that doesn't work, and find ourselves required to spend a lot of taxpayer money to cover disasters, and I know you are a compassionate man, and I think you would say that in the circumstances we find ourselves, a response to natural disasters is appropriate, don't you think?

Mr. WHISENHUNT. Very much so. I cannot help because I've experienced them myself, and I cannot help but feel for those that have lost everything that they worked for years for. It's hard even to lose one crop for an entire year. That's like so many times not only losing your salary for the salaried man, but the equity in his home because of the fact that we spend so much, not only just in labor and actual expenses, but to try to take care of the additional cost of the real estate, whether it is renting or leasing or making payments on it.

Mr. THORNTON. I am sure you are also concerned about government regulation which loses sight of the good public policy that is aimed, that it is aimed to produce, and I'm speaking of pesticides here.

Mr. WHISENHUNT. Yes.

Mr. Thornton. Where pesticides that are very safe, harmless in fact to the human environment, are kept off the market because of a Delaney clause prohibition that allows older pesticides that are grandfathered in, to continue to be used and the modern achievements that have a risk of less than one in 10 million over a lifetime of 70 years are prohibited because of this zero tolerance standard.

Mr. WHISENHUNT. Actually it could even go up to 1 part per billion or trillion.

Mr. THORNTON. Yes.

Mr. WHISENHUNT. And of course, at the time of the Delaney clause, about one part per million was as sophisticated equipment as we had, and now it's reached the point to where if you follow it, it almost does away with any of those what I call tools for us to grow the safest, best, cheapest food in the world.

Mr. THORNTON. We're in a blessed country in that we do have an abundant supply of high quality food, and I want to compliment you for staying on the farm and continuing to be a part of that effort.

Mr. WHISENHUNT. Okay.

Mr. THORNTON. Let me ask you something, and you don't have to answer this, but couldn't you have sold your place and invested it in tax-free bonds and made a lot more money than you've made farming it over the years? I know that selling your place didn't occur to you.

Mr. WHISENHUNT. Mr. Thornton, in 1979, I could have sold it and been very wealthy, and in the ensuing years, I've almost lost all of the equity that we've had because of draughts, disasters, floods and the market situation brought on by other countries that I had no control over, and I speak not only for myself, but for tens of thousands of good farmers throughout the country.

Mr. THORNTON. I yield to my colleague, Mr. Peterson.

Mr. PETERSON. Thank you, and I appreciate your testimony. It's a great statement throughout. You've covered some areas that we are very interested in. The one that strikes me as the one the Chairman noted on crop insurance——

Mr. WHISENHUNT. Yes, sir.

Mr. PETERSON. We've got to fix it. It has to be repaired, but by the repair, we have to fix something else. We can't have the federal government be the loss recipient of last resort. That is to say we can't have the crop insurance in which we're trying to do something that works, and then at the same time, back up with disaster payments.

So we would be interested in your solution to this. We've given a lot of study to the concept of voluntary program. But under that concept you lose some thrust by essentially not charging anyone for it, other than for the paperwork, with only this $50 per crop or $100 per farm max it is a give-away in order to get people in.

One of the reasons why crop insurance doesn't work now is because of the lack of participation, and then of course, there is some fraud in here too. There have been some people who abused——

Mr. WHISENHUNT. A tremendous amount.

Mr. PETERSON. The crop insurance as part of the income. It's a known fact. So we want to repair this, and we want to make sure that when a farmer has a disaster, that good farmer does have the capability to start his next crop, and if we don't make it mandatory, I don't know how to do that. Is the voluntary program the solution?

Mr. WHISENHUNT. I don't know whether it's a solution, but it would be a step in the right direction. I think that we do have to wean ourselves from this idea that I don't have to worry, if we have a disaster, we can go to our Congress and we can get relief.

I think that you are going to have to work with private industry to get it actuarially sound, and to have it to where the ones that service, sell and service it are responsible for what happened, just like in any other insurance business. You have to look at underwriting and no one can do it any better than the private, and then to have whatever subsidy is needed to make it to where it is within reach of the farmer.

But the person that does not plan to make a crop, he plans to milk the insurance program and then hopefully get on top of that a disaster payment, and he comes out great because he has cut every corner, put very little into the crop, and has defrauded everyone.

Mr. PETERSON. Right.

Mr. WHISENHUNT. Because he's made his neighbors and everyone else to look bad.

Mr. PETERSON. Well, I know it's late and we have to move along, but it is very, very important that when we make the crop insurance reform, that we have the support of the rural and farming community, or we would be better off not to do anything, as you clearly know.

We won't be able to execute this thing if we have essentially a negative or oppositional force out there on the land, and we in Congress, honest-to-goodness, our heart is in the right place here.

Mr. WHISENHUNT. I know it.

Mr. PETERSON. We do want to do the right thing.

Mr. WHISENHUNT. Yes, sir.

Mr. PETERSON. But you all are going to have to help us here on this.

Mr. WHISENHUNT. We will.

Mr. PETERSON. To make sure that if we do some voluntary work here, that it is done in such a fashion that we don't end up insuring those who didn't come on board. That's the bottom line.

Thank you for responding.

Mr. THORNTON. Thank you very much, Mr. Peterson. I want to thank you, Mr. Whisenhunt, so much, for your testimony today. I appreciate it.

Mr. WHISENHUNT. Thank you.

Mr. THORNTON. And there are no other questions at this time. Thank you for coming.

Mr. WHISENHUNT. Thank you for allowing me to testify.

Mr. THORNTON. Yes, sir.

[The information follows:]

STATEMENT OF THE AMERICAN FARM BUREAU FEDERATION TO THE SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES OF THE HOUSE APPROPRIATIONS COMMITTEE REGARDING THE FY 1995 U.S. DEPARTMENT OF AGRICULTURE BUDGET

Presented by
Andrew Whisenhunt, President, Arkansas Farm Bureau Federation,
and Member, AFBF Board of Directors

March 8, 1994

Mr. Chairman, I am Andrew Whisenhunt, a cotton, grain and timber producer from Bradley County, Arkansas. I am President of the Arkansas Farm Bureau Federation and am pleased to present the American Farm Bureau Federation's statement on the FY 1995 USDA budget to the subcommittee.

The American Farm Bureau Federation is the nation's largest general farm organization with a membership of over 4.2 million member families in 50 states and Puerto Rico. Farm Bureau members produce virtually every type of commodity grown commercially in this country. Our policy is developed by producer members at the county, state and national levels of the organization.

We are pleased that no commodity program policy amendments have been proposed as a method of achieving additional agricultural spending reductions, as has often been the case in the past. However, we have noted with some concern that there appears to be an on-going reallocation of funds within the proposed USDA budget. Specifically, nearly all the proposed funding reductions are in areas that affect, directly or indirectly, farm production. For example, cutbacks are proposed in the area of export subsidies, market promotion, natural resources and production research. On the other hand, the increases in budget allocation are almost exclusively, in the area of food and nutrition and rural development.

EXPORT PROMOTION

In the area of export subsidies, AFBF believes that the cuts proposed would prove detrimental to our ability to compete in world markets. With NAFTA successfully passed and the Uruguay Round of GATT almost completed, there may be some misperception that the competition for world markets is over. Nothing could be further from reality. First, most of the scheduled reductions in tariffs and subsidies are extended over a five- to ten-year period, and in a few instances even longer. Moreover, if and when the GATT is fully implemented, EC subsidies will only be reduced 21 percent in the volume of exports and 36 percent in the total amount of money allocated for export subsidies.

While GATT requires a reduction in the use of export subsidies, it specifically allows the use of funds for market development, market promotion, humanitarian or food assistance and other so-called "green box" programs. Yet, these are the very programs which would be significantly reduced under the president's proposed budget for FY 1995. For example, under the president's budget, funding for Foreign Market Development (FMD), the Market

Promotion Program (MPP) and P.L. 480 would be cut by $320.7 million - or more than $1.5 billion over the next five years. Such cuts not only threaten the continued effectiveness of such programs, but significantly reduce the ability of U.S. agriculture to fully realize any of the promised benefits under GATT.

In fact, U.S. agriculture will be at a serious disadvantage since foreign competitors can be expected to maintain their support for similar programs and to shift additional resources into "green box" activities to enhance their share of the world market.

PESTICIDES

The Clinton Administration's pesticide reform package sets a goal of IPM implementation on 75 percent of the crop acreage by the year 2000. USDA' proposal of an additional $10 million to develop biological pest controls and to develop and test improved integrated pest management strategies is wholly inadequate, especially in light of EPA's intention to begin pesticide cancellations. USDA's budget does not address or even acknowledge the farm level problems caused by the cancellation of at least 30 pesticides used on over 80 crops. In addition, it ignores the reality of widespread pesticide cancellations on minor crops due to reregistration.

If the Clinton Administration is truly committed to reducing pesticide use while maintaining farm profitability, there must also be a commitment to seek additional funds to find alternatives to pesticides. Farm Bureau has long supported research to find alternatives, but the Administration seems more interested in canceling pesticides first and finding alternatives later. Additional funding for alternatives research needs to be the cornerstone of any pesticide reform package. An additional $10 million to find alternatives does not address the Administration's goals and it won't find alternatives for farmers and consumers before current products are eliminated. This problem is particularly acute for minor crops. The declining number of pesticide tools is leaving many farmers without the ability to protect their crop investment.

On the positive side, we support the increased emphasis and funding on finding an economic and effective alternative to methyl bromide. Methyl bromide is used throughout the United States on a wide variety of crops and its use reduces pesticide application rates for many commodities.

CROP INSURANCE

Turning to crop insurance, Farm Bureau has been at the forefront of agricultural organizations calling for crop insurance reform. Farm Bureau policy explicitly supports, "the elimination of all agricultural crop-specific federal disaster programs in favor of federal or private crop insurance programs." In addition, we believe that, "Crop disaster programs and crop insurance should be combined into a single program and designed to obtain the greatest amount of participation." In that regard, the administration's proposal is a step in the right direction.

There are several significant problems with the administration's crop insurance reform proposal. Farm Bureau policy is very clear that participation in a crop insurance program should remain voluntary and that there should be no mandatory linkages between price support program participation and Farmers Home Administration loan eligibility and crop insurance. The current proposal does not satisfy that requirement. Even though the linkage in the proposed program is limited to participation in the catastrophic coverage portion of the crop insurance program at a nominal fee, it establishes a mechanism that could become very burdensome for producers. We have concern that the nominal costs of the mandatory portion of the program could become much more significant in the future. A cap on participation fees for catastrophic coverage which is set at a $100 today could escalate rapidly under future budget pressures, yet producers would be required to participate whether or not they get any real benefits from the program. If the linkage between crop insurance and price support program participation remains, then Congress would face a very difficult task of making sure that appropriate measures are taken to isolate the catastrophic portion of the coverage from future budget reconciliation considerations.

Another shortcoming of the crop insurance reform package is its reliance on yield as a trigger mechanism for insurance payout. Farm Bureau strongly favors coverage based on dollars per acre rather than yield. Reliance on yield as a trigger mechanism tends to skew the program in favor of high-risk production acres and makes it much more likely that gaps in coverage will exist. A more desirable approach is to establish coverage based on dollars per acre.

FOOD SAFETY

The Administration has proposed in its fiscal year 1995 budget that the $103 million annual cost of all meat and poultry inspection services beyond the first eight-hour shift a day be recovered through a user fee. This fee would be assessed from packers and processors by the Secretary of Agriculture. We, like every other consumer, producer, labor or industry organization or any other public policy group, do not support this proposal. A basic responsibility of the federal government has been to provide for the health and safety of the American public. Attempts to shift the cost to producers or industry will erode consumer confidence in the system at a time when efforts are being made to strengthen it.

A comprehensive approach to food safety reform can help ease consumer fears, improve regulation and inspection, and upgrade the quality and wholesomeness of the food supply. As a start, every party in the debate, be it farmers, food processors, cooks or consumers, needs to be enlisted in the food-safety cause.

Federal inspectors now rely on their senses of touch, smell and sight to determine the healthfulness of products on processing lines. An improved inspection system would be based on the Hazard Analysis and Critical Control Points (HACCP) system now being studied and adopted by parts of the industry. HACCP involves three sound principles: Identifying hazards, determining points in the system where hazards must be controlled, and establishing the procedures needed to monitor those points. Corrective action can then be taken.

PACKERS AND STOCKYARDS ACT

The budget "proposes legislation to authorize the collection of $12.2 million of license fees to cover all the costs associated with administering the Packers and Stockyards Act." We oppose this change. Everyone in the marketing chain, including consumers, benefit from P&SA regulatory services to prevent deceptive trading practices that impact the price of the final product. Furthermore, the license costs will be passed back to producers who are already facing increasing operating costs.

ANIMAL DISEASE CONTROL/ERADICATION PROGRAMS

We ask that funding be restored in the FY 1995 budget for bovine and porcine brucellosis eradication to the FY 1994 level of $31.0 million and for emergency programs to $11.9 million. This is not the time to reduce brucellosis funding when the goal of eradication is finally in sight.

NATURAL RESOURCES

In the area of natural resources environment, we support the allocation of funds for watershed and flood prevention operations. Damage from the 1993 floods in the midwest is significant and widespread. We support the budget proposal for over $340 million in additional supplemental funds for disaster relief.

Likewise, we support the Wetlands Reserve Program (WRP) with funding of $241 million to enroll 300,000 new acres in a nationwide program.

We are also concerned about the scheduled decline in funds for the Agricultural Conservation Program (ACP) from $185 million to $100 million. In total the budget for the natural resources environmental area has been reduced nearly $525 million.

We are extremely concerned about the forest plan for the Pacific Northwest as identified in the budget. It is basically an ecosystems management approach that is untested and unproven. We are of the opinion that $180 million budgeted in this area could be more efficiently utilized in some of the areas we've identified previously.

With respect to the longer term outlook, the time has arrived to begin considering either an extension or some type of replacement program for the Conservation Reserve Program (CRP). CRP contracts will begin to expire in 1996 so it is imperative that future budgets include funds to deal with the environmentally sensitive acres that farmers might otherwise bring back into cultivation.

RESEARCH

Turning to market development and research, we question the decrease in overall research funding and the minimal increases for the National Research Initiative (NRI). Research is vital to the development of technology needed to maintain a competitive industry.

As we move away from price supports toward obtaining a great portion of farm income from the market place, it is important to have a solid research base to aid in this transition. Decreasing the total agricultural partnership research budget by over $90 million will make this extremely difficult. The NRI is slated for a $17.8 million increase, but this is much less than the $50 million that was originally planned. Previous increases for NRI have been offset by cutbacks and reallocation of existing agriculture research funds.

AFBF believes that research is critical to developing markets and reducing agricultural production costs but there are also valuable programs to commercialize products that result from research activities. The Alternative Agricultural Research and Commercialization Center is an example of an effective program that has transformed theoretical research into practical production. We support continuation of funding for this program.

Farm Bureau appreciates the hard work of the subcommittee and the opportunity to appear before you today. Thank you.

FORESTRY PROGRAMS

WITNESSES

WILLIAM PARKER, DIRECTOR, NORTHERN REGION
LOREN LARSON, REPRESENTATIVE, ASSOCIATION OF CONSULTING FORESTERS OF AMERICA, INC.

Mr. DURBIN. Our next witnesses will be William Parker and Loren Larson, the Association of Consulting Foresters of America.

Welcome, Mr. Parker and Mr. Larson, and we have your prepared statements before us. They will be entered fully into the record. We would appreciate your beginning and summarizing as you choose, the points that you wish to emphasize.

Mr. PARKER. Thank you, sir. My name is W.H. Parker. I'm a consulting forester, and I am testifying on behalf of the Association of Consulting Foresters.

We are providing testimony today in regard to the agricultural budget. The Association of Consulting Foresters supports and requests an increase in appropriations to the extension service to the extent of $10 million, and to completely eliminate the forestry incentive program known as FIP.

A.C.F., or the Association of Consulting Foresters, endorses greatly what the extension service is doing. They are promoting forestry through the transfer of technology to the landowners and to the profession too.

I won't get into all of the work that they have done, but they have done a great deal of work based on a very small budget, but at the same time, FIP has not been very successful. This program has been in existence since 1975. They have used $206 million and they have worked on a total of 4.3 million acres of non-industrial private landowners timberland.

This amounts to two percent which is not very much, and we think that the way to go is to increase the amount of money that is going to the extension service so that we can increase the education and technology that is presented to the people, and at the same time, to give timberland owners a break on their taxes.

We have done away with the capital gains program, and this has greatly effected forestry in an adverse way. We also think that landowners should be able to expense their reforestation costs the first year like other people do, instead of having to do it over a period of years.

This would greatly increase the amount of reforestation that we have, or that we need to keep our forests in production in this country.

In addition to that, the inheritance tax is a great disincentive to timberland owners. I am called almost on a monthly basis in settling estates, and having to evaluate and sell timber for people. In order to save their farm, they have to sell the timber. In many instances, they have to sell the timber before it is economically mature or when the markets are not good, and they lose money, but they have to do this in order to keep from losing their farm because of the inheritance tax.

So we think by doing these things, by increasing the funding for the extension service so that they can provide more technology by giving us the capital gains break back, and by doing away with the, or reducing the inheritance tax, that this will accomplish much more than the FIP program is currently doing.

Mr. DURBIN. Thank you very much for that testimony, and I think you give us an interesting perspective on the forestry incentives program.

Are there any questions? I think there may be a little more timber in Arkansas than——

Mr. PETERSON. We have a lot of timber.

Mr. THORNTON. I do like the idea of some capital gains relief, Mr. Chairman. I bought 80 acres of timberland when I went into the Korean War, and it didn't change. I harvested a little bit off of it during the next 30 years, and a couple of years ago—I paid $80 an acre for it—a couple of years ago I sold it for $500 an acre which was the same inflated value that it had at $80 an acre.

I mean, the inflation made the difference, and yet I had to pay a tremendous amount of income tax on inflation. No change in the value of the land. It didn't get a road to it or anything, it just went up as inflation, and I'm in agreement with the witness about the importance of some——

Mr. DURBIN. Did you consider calling your congressman?

Mr. THORNTON. I did, I did. [Laughter.]

Mr. PARKER. Mr. Thornton, I think you have a constituent, Ms. Peggy Clark.

Mr. THORNTON. Yes, I do.

Mr. PARKER. I'm sure that she would greatly appreciate a capital gains break.

Mr. THORNTON. Well, we're not talking about a gain made in a six month or one year holding of a common stock. We are talking about a trended value. I think it's very unfair to tax people for a fictitious increase in value which represents nothing but the rate of inflation over a 20 or 30 year period.

Mr. PETERSON. If the gentleman would yield.

Mr. THORNTON. I would be pleased.

Mr. PETERSON. We tried to do the indexing but we didn't get it done last time, and it does make a lot of sense. A lot of my tree farmers are under the same circumstances. We have talked to that, and we've made the pitch. It's just very difficult to get it plugged in, but that's the way to do with these large capital crops that take long-term development as in the case of forestry.

Mr. PARKER. But by going with the recommendations we made, we could help you all save a lot of money.

Mr. DURBIN. Yes. Thanks for your testimony.

[The information follows:]

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Outside Witness Testimony Presented by
William Parker, Director - Northern Region
Association of Consulting Foresters of America, Inc.
to the House Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies
March 8, 1994

The Association of Consulting Foresters of America, Inc. (ACF) is providing testimony regarding the United States Department of Agriculture appropriation. The ACF supports and requests an increase of the USDA - Extension Service's Renewable Resources Extension Act (RREA) appropriations to $10 million and the elimination of all funding for the Forestry Incentives Program (FIP) as administered by USDA.

Since 1948, the ACF has represented the interests of private independent consulting foresters and those of our clients - the non-industrial private forest (NIPF) landowners whom we serve on a daily basis.

The Success of Extension and RREA

The ACF commends the USDA - Extension service for conducting educational programs for farmers, forest landowners and others since 1914. The ACF endorses the transfer of technology and information to landowners through demonstration and education. Programs funded by RREA have contributed to this Nation's abundance of quality food and fiber at the least cost per person in the history of the world.

The Renewable Resources Extension Act was enacted in 1978, and in 1982 it received its first appropriation of $2 million as line-item funding. Since then, RREA has received only marginal increases, reaching only $3.34 million in 1994.

Despite meager funding increases, annual Extension renewable resources programming accomplishments are impressive. From 1989 to 1991, Extension has made over 100,000 contact hours of continuing education to 25,000 natural resources professionals, trained over 50,000 teachers in environmental science, made over 400,000 contacts with NIPF landowners, improved the management on over 21 million acres of forest land, and helped landowners increase their revenue from forestry and wildlife management by over $160 million.

In addition, RREA has facilitated the training of loggers through the Logger Education to Advance Professionalism (LEAP) program. LEAP training provides loggers a greater understanding of the environment and the science involved in managing forests, enabling them to conduct improved timber harvests. This program is now completing its pilot phase and requires increased funding to carry this program nationwide.

The Underachievement of FIP

The Forestry Incentives Program was authorized by the Cooperative Forestry Assistance Act of 1978 to provide landowners direct financial subsidies for reforestation and the improvement of existing stands of trees. The purpose of the program was to increase the Nation's supply of timber from non-industrial private forests (NIPF). The program was originally part of the Rural Environmental Conservation Program and in 1975 it became a separately funded program. In 1995, the program is slated to end by legislation.

Since 1975, FIP has treated little more than 4.3 million acres of forest land. Direct cash subsidies provided through the program to treat acreage reached $206 million in 1993. Reforestation activities account for approximately 2.96 million acres of the total acreage treated through FIP, costing taxpayers over $166 million. Timber stand improvement activities account for 1.29 million acres, at a cost of $33.9 million. These dollar values do not include administrative or other overhead costs associated with the program. If they were accounted for they would significantly raise the true expenditures of the program.

It should be noted that non-industrial private forest landowners own over 340 million acres of forests in the United States. **In the 19 years of its existence, FIP has impacted less than 2% of NIPF land at a very high cost to taxpayers.** Meanwhile the private sector annually performs the same practices on more acreage of forestland than FIP has in its 19 year history, and does so at no cost to the taxpayer.

Other Means to Accomplish the Goals of FIP

More efficient means to accomplish the goals of FIP on economically viable forests exist through free market forces, education, and particularly tax incentives rather than by cash subsidies and regulation. Currently, landowners in some parts of the country find little incentive to reforest land other than to comply with regulations. Other parts of the U.S. have healthy timber markets, yet landowners there have limited interest in making long-term forestry investments when inheritance tax laws and other confiscatory tax measures take an unhealthy toll on their private capitol.

Landowners may now only expense part of their forest management costs over a number of years after they are accrued. Meanwhile cattle growers and other farmers are able to deduct management expenses in the year of occurrence. If forest landowners were allowed to expense reforestation costs, they would reforest more acreage with private capitol than all grant programs combined.

Favorable capital gains treatment for landowners would encourage landowners to make long-term investments on our Nation's forestlands. Unfortunately, income taxes, inheritance taxes and property taxes act to destroy potential profit motive in long-term forest management. If landowners received lower capital gains rates than those currently provided, long-term foresty investments would significantly increase.

Finally, landowners would find an incentive to invest in long-term forestry if inheritance taxes were reformed as they relate to forest land. In many cases, the current inheritance tax structure forces heirs of property to clearcut, overcut or sell off portions of an estates forested land in order to meet tax payments. We should consider the experiences of other countries, such as Great Britain, Germany, Sweden, and Norway, when evaluating and revising our tax laws.

Recommendations

These comments provide some of the reasons for tax-related incentives over federal cash subsidies, and reinforces the need to increase funding for education and technology transfer programs. Short-termed cash subsidy programs often do not achieve the goals they set out to accomplish. In the end, they cost taxpayers far more than the desired outcomes are worth, and require substantial bureaucracy in their delivery.

Many landowners are unaware of the benefits of intensive forest management. Education and technology are proven as essential in stimulating long-term forest management. The accomplishments of the programs funded through RREA warrant greater appropriations. The meager appropriations provided to RREA to date by Congress should be increased to at least $10 million, this money can easily come from FIP dollars which have a low cost/benefit ratio.

In addition, the ACF requests and challenges Congress to implement other forms of incentives that have proven their effectiveness and efficiency. These incentives include the expensing of the costs of forest management in the year they are accrued, favorable capital gains treatment at a rate much lower than the current 28%, and relief from inheritance taxes in order to promote long-term investments in forests.

In order for tax incentives to work they must be stable and perceived likely to remain so by the long-term investor. Numerous financial investment opportunities currently compete for private capitol. Most are short-term, more liquid and require less risk. If non-industrial private forest landowners were to receive favorable tax treatment, they would show greater interest in the intensive long-term management of this nation's forestland.

Summary

Society, the environment and taxpayers would all benefit from greater reforestation and forest management. It is clear by comparing the accomplishments of the RREA programs and FIP, education and technology transfer produce far more benefits in a more cost effective manner than federal cash subsidies. If this nation is seriously concerned with obtaining long-term benefits from forests, landowners must be afforded equitable tax treatment.

For these reasons, the ACF requests Congress to eliminate funding for FIP, and use these savings to substantially increase the RREA budget to at least $10 million and begin evaluating tax-based incentives to stimulate the long-term management of our nation's forests.

RURAL HOUSING PROGRAMS

WITNESS

ROBERT A. RAPOZA, EXECUTIVE SECRETARY, NATIONAL RURAL HOUSING COALITION

Mr. DURBIN. Mr. Robert Rapoza of the National Rural Housing Coalition. Is he still here?

[Pause.]

Mr. THORNTON. He's here.

Mr. DURBIN. Okay, and Mr. Ralph Grossi of American Farmland Trust. Oh, I'm sorry, Mr. Rapoza is here.

Mr. RAPOZA. How are you today, Mr. Chairman?

Mr. DURBIN. We will put your statement in the record.

Mr. RAPOZA. Okay. Thank you. Then I will just summarize it, if that's okay. Thank you for providing us with the opportunity to testify.

I'm Bob Rapoza, the executive secretary of the National Rural Housing Coalition. We have testified before the subcommittee in the past on farmers home housing and rural development issues, and appreciate the opportunity to appear before the committee today.

I would like to submit as part of the record a letter signed by over 100 organizations across the country who are opposed to the proposed cuts in Farmers Home Section 501, and 515, directed lending programs.

The present budget proposes to cut Section 515, rural rental housing, by about 60 percent, and while it does hold the activity level on Section 502 at about the current rate, it increases the borrower payments by about 50 percent, and thereby reduces the cost to the government, and the subsidy to low income borrowers by about 50 percent.

We feel there is no basis for these cuts in terms of a need. They are over 3.5 million rural households that live in poverty. There are more than one million units of occupied subsidized housing, 21 percent of renter households pay more than 30 percent of income for rent, and there is a growing shortage of rental housing units in small communities which now exceeds 600,000.

Based on the demand, we don't think there is a basis for these reductions. Every year, more than 100,000 families apply for loans under Section 502. Less than one-third receive those loans. There is a backlog of approved but unfunded pre-applications for Section 515 which totals over a billion dollars.

We don't think based on performance that these reductions are called for. The farmers home Section 502 and 515 programs have really changed the face of the housing stock in small communities across the country.

More than 4,000 low income residents live in rental housing financed by the farmers home with a default rate of less than one percent, and the farmers home has financed close to I believe 2 million Section 502 units that are targeted to low and very low income families.

With regard to the proposed change in Section 502, the President's budget proposes to increase the payments for basically the housing costs from 20 to 30 percent, and an increase of 15 percent.

A recent study shows that this would take overall housing costs for low and very low income borrowers, it would increase to 38 percent in California, 44 percent in Ohio, and 66 percent in South Dakota.

If this change goes into effect, it is not likely that the current population that is eligible under the law for Section 502 loans would be approved for those low loans.

Now, this isn't the argument not to provide the funding, but the argument is not to approve the President's budget on this score.

I should note also that we understand that this change would probably be retroactive. That is current families in Section 502 as their subsidy agreements were certified, would be subject to the increase, and this would result, we think, in widespread defaults and delinquencies in Section 502.

We strongly support the continuation of 502 at the current rate with a current subsidy provisions. We strongly support a continuation of Section 515 at the current rate, and would hope that the subcommittee as it has done in the past, would provide the funding necessary to continue the farmers home housing programs.

Thank you.

Mr. DURBIN. Thank you. This 30 percent requirement, now 20 percent.

Mr. RAPOZA. Right.

Mr. DURBIN. Is of gross income, is it not?

Mr. RAPOZA. Right, and would apply to PITI, principal, interest, taxes and insurance, but typically families pay ten points on top of that for maintenance and utilities, and that's the rub.

Mr. DURBIN. You also talked about the 502 guarantee program.

Mr. RAPOZA. Right.

Mr. DURBIN. And said that the increase, that the administration's request would not promote low income home ownership.

Mr. RAPOZA. Right.

Mr. DURBIN. It wouldn't promote home ownership in the lowest incomes.

Mr. RAPOZA. Right.

Mr. DURBIN. But the qualification, if I recall, for this is not that high. In other words, if your income is in $25,000 to $30,000 range, you would be in the market then for home ownership.

Mr. RAPOZA. Right.

Mr. DURBIN. There is nothing wrong with that point, is there?

Mr. RAPOZA. No, no, but the point is that the budget has pointed out that the dollar volume and the units produced under Section 502 will go up in fiscal year 1995, but they will go up not for low and very low, but for people that qualify for guarantees, which is perfectly fine with us. We support the guarantees, but that shouldn't be the substitute for direct loans.

Mr. DURBIN. Mr. Peterson?

Mr. PETERSON. Just very quickly, the retroactivity aspect.

Mr. RAPOZA. Right.

Mr. PETERSON. Do you want to expand on that just a little bit on how—give me your estimate of the impact of that.

Mr. RAPOZA. The current law now provides that families pay 20 percent for PITI. We have been told, though it is not written down anywhere, but we have been told by farmers home staff that as the statute is written in the President's budget, that as people came up to have their subsidies re-certified, as it does every year, people would—the families currently living in Section 502 would have to pay 30 percent rather than the current rate, which is a 50 percent increase.

Mr. PETERSON. I guess the question is do you have any feel for the numbers of how many of those families are going to be impacted?

Mr. RAPOZA. Well, the average income in 502 is roughly about $16,000. If you are paying, my math isn't great, but $3200 now for PITI, and it goes up to $4,800, that is a substantial boost.

Mr. PETERSON. Right.

Mr. RAPOZA. And I would think that with that, the impact of that would be is that a lot of families that are current will become delinquent, or will default. If you make $16,000, you don't have that much disposable income to begin with, and if the payment that you have to make to the government goes up by 50 percent, that's quite a bite.

Mr. PETERSON. Thank you, Mr. Chairman.

Mr. DURBIN. Thanks for your testimony.

Mr. RAPOZA. Thanks, Mr. Chairman.

[The information follows:]

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Statement
of
Robert A. Rapoza, Executive Secretary
National Rural Housing Coalition
before
the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Subcommittee on Appropriations
U.S. House of Representatives
March 8, 1994

Good afternoon, Mr. Chairman. My name is Robert A. Rapoza. I am testifying before you today on behalf of the National Rural Housing Coalition, a national coalition of housing and community development agencies that serve rural and low-income areas. The proposed rural housing budget for FY 1995 calls for deep cuts in the Section 502 and 515 programs. These cuts have been proposed in the face of great and growing needs for affordable housing in rural areas and reverse the Administration's commitment to rural housing that we saw in the 1993 budget. I would like to discuss these needs with you and explain why funding for these housing programs should not be cut.

In rural America, nearly 3.5 million households live in poverty. This represents one in seven households overall and one in four renter households. Twenty-one percent of all rural households pay more than 30 percent of their income in housing costs. With regard to the housing stock, Census data shows that, out of 22 million occupied units in rural areas, more than one million are substandard -- dilapitated or lacking plumbing, heating systems, or other vital components. The supply of low-rent units, once in surplus, has declined over the past two decades, and it is now estimated that there is a shortage of 600,000 affordable rental units in rural areas.

In FY 1993, FmHA received over 110,000 applications under the Section 502 program for assistance, and FmHA has a $1 billion backlog of preapproved preapplications for rural rental housing assistance. Clearly, there is a great need and demand for new affordable housing opportunities, both for homeownership and for rental housing.

In FY 1994, we were pleased to see that the Administration's budget for Section 502 increased funding for the program by $0.5 billion over the FY 1993 level. This expansion provided lending authority to finance 29,335 home loans -- an increase of 8,000 units over the previous year.

This year, however, the Administration proposes to severely reduce the program subsidies by raising each borrower's payment of loan principal, interest, taxes and insurance (PITI) from 20 percent of income to 30 percent. This is a 50 percent increase in payments that will apply to current as well as new borrowers.

It is important for this Subcommittee to consider the payment standard being imposed. Thirty percent of income is the payment standard for renters in many assisted housing programs. This standard is not an appropriate one for homeowners, because -- unlike homeowners -- renters do not have to pay maintenance costs; also, under most HUD programs, renters receive an allowance for their utility costs. Homeowners must pay the costs of maintenance and utilities in addition to their principal, interest, taxes and insurance expenses. These costs can add another 20 percent of income to a homeowner's monthly housing costs. The total cost of homeownership under the Administration's proposed rules, then, could be as much as 60 percent of a household's income. Low income households cannot afford this burden.

Consider a short study of current and proposed cost burdens prepared by the Housing Assistance Council. According to HAC, the increase in cost created by the Administration's cut in the subsidy rate will effectively exclude very low income households from participating in the 502 program. HAC examined loan information for 36 borrowers across twelve states under Section 502. These loans ranged in size from $20,000 in South Dakota, through $55,000 in Ohio, up to $105,000 in California. Under the current program rules, very low income households could afford these loans. The average necessary household income was $15,676, and the lowest required income was $6,815.

Although each household pays only 20 percent of its income for PITI, the lower income households pay a higher share of their income for total housing costs than higher income households because the cost of fixed expenditure for maintenance and utilities is proportionally higher. Keeping this in mind, HAC estimated that, if the required loan payment were increased to 30 percent of income, the total cost burden to borrowers would range from 37.6 percent for the loan in California, through 44.4 percent in Ohio, up to 66.6 percent in South Dakota. Not only does this represent a major policy failing for rural areas, but the subsidy cut threatens the viability of the program altogether because, if very low income households cannot afford to participate in the program, FmHA will not be able to fulfill its requirement to set aside 40 percent of its Section 502 funds specifically for these households.

Ironically, the Administration has also proposed to raise the budget for unsubsidized Section 502 guarantees by $550 million, an increase of 70 percent over last year. This increase does not promote low income homeownership, however. Households who cannot afford the budget's new loan payment will not be more attractive to lenders even with the promise of a guarantee. Furthermore, an unsubsidized guarantee is a no-cost contingent government obligation. It is not an outlay of funding. For low income rural households, this increase is no substitute for direct lending with affordable terms.

With regard to rental housing, the Section 515 budget has been cut by 50 percent since 1984. Last year's budget reduced Section 515 funding by $35 million, an equivalent of 1,200 units. The federal budget did provide rural housing voucher funding for an equivalent number of units, but the funding for these vouchers was subsequently rescinded. Nonetheless, the voucher program would not have addressed the fundamental shortage of affordable rural housing. To use vouchers, households must find decent and reasonably priced units. This units simply do not exist in sufficient numbers. Consequently, without a production program, the voucher strategy is ineffective.

Now we find that funding for the Section 515 program is slated for another reduction, to $220 million in FY 1995, without even a corresponding increase in the number of housing vouchers. FmHA estimates that this cut will decrease production by nearly two-thirds from FY 1993 levels, to under 6,000 units. Section 515 is a program that, since its inception in 1963, has financed over 440,000 units -- more than 14,000 units per year and, at its high point, 38,000 units in a single year. The program has done more to change the face of rural communities than any other comparable program, and it has done so for an average cost of under $40,000 per unit. There are currently 18,000 rental housing projects with outstanding 515 loans, and a default rate of less than 1.0 percent. These facts demonstrate that Section 515 program represents one of the Administration's most secure, cost-effective and successful tools for providing affordable rental housing in rural areas. Cuts in this program simply do not make sense.

In short, the priorities reflected in the FY 1995 Section 502 and 515 program budgets are misguided. These programs represent the only vehicles by which low and very low income families can find affordable housing in rural areas. For Section 502, the proposed reduction in the subsidy rate makes the level of authorization meaningless. For Section 515, the cut in funding will leave thousands of rural families without affordable housing options.

The NRHC understands the imperative of a budget freeze. We do not believe, however, that the best way to do this is by cutting cost-effective programs with proven records of success and for which there are no alternatives. We therefore urge this Subcommittee to recommend that funding and subsidy levels for FY 1995 remain at their FY 1994 levels. Thank you for your attention to this matter. A letter opposing these cut, signed by over 100 local, regional and national rural housing and community development organizations, is attached to this testimony.

March 7, 1994

The Honorable Richard Durbin
Chairman
Appropriations Subcommittee on Agriculture, Rural Development, FDA, and Related Agencies
U.S. House of Representatives
Washington, D.C. 20515

Dear Mr. Chairman:

We are writing to you as an informal coalition of advocates, builders, local officials, non-profit corporations, state agencies, and others concerned with the quality of life in our nation's small towns and rural areas. We request that you reject the administration's budget proposal for federal rural housing direct loan programs administered by the Farmers Home Administration (FmHA) of the Agriculture Department.

It is not an exaggeration to say that the Fiscal 1995 request will decimate the programs that provide housing for low income rural households. The budget requests cuts spending for rural rental housing and low income homeownership direct loans by more than 50%. These reductions will reduce rural rental housing production to a trickle and make it virtually impossible for low income families to qualify for home ownership assistance.

There continues to be a compelling need for housing assistance for rural America. More than 2 million households still live in substandard housing and there is a growing shortage for affordable rental housing which now exceeds 600,000 units.

In an era of tightening budgets, there may be a rationale for freezing spending on rural housing direct loans at the current rate. However, there is not an obvious reason for such massive reductions for programs that assist economically disadvantaged households in small communities across the country.

For these reasons, we ask that you reject the Fiscal 1995 budget request and set funding for rural housing direct loan programs at a level not less than the current level.

Thank you for your attention to this matter.

1st State Community Action Agency (DE)
Alabama State Association of Cooperatives (AL)
Appoquinimink Development, Inc. (DE)

Ashtabula County Community Housing Development Organization, Inc. (OH)
Ashtabula County Community Action Agency (OH)
Burbank Housing Development Corporation (CA)
Cabinets & Woodworks Shop (AR)
California Coalition for Rural Housing (CA)
Campesinos Unidos, Incorporated (CA)
Canastota Canal Town Corporation (NY)
Capital District Community Loan Fund (NY)
Capital District Community Loan Fund (NY)
Central Minnesota Housing Partnership (MN)
Cheppewa-Luce-Mackinac Community Action Agency (MI)
Chicot Housing Assistance (AR)
CHISPA, Inc. (CA)
City of Casa Grande (AZ)
Clay Mountain Housing, Inc. (WVA)
Coachella Valley Housing Coalition (CA)
Coastal Enterprises, Inc. (ME)
Collins Cabinets (AR)
Community Developers of Beaufort-Hyde (NC)
Community Reinvestment Association of North Carolina (NC)
Community Housing Improvement Program (CA)
Council for Rural Housing and Development (DC)
Crow Construction (AR)
Dan Findley Construction (AR)
Delaware Chapter of NAHRO (DE)
Delaware Housing Coalition (DE)
Delaware Opportunities, Inc. (NY)
Delaware Housing Coalition (DE)
Delmarva Rural Ministries, Inc. (DE)
Dover Super Market (AR)
Dukes County Regional Housing Authority (MA)
Duncan Construction (AR)
Fairbrook Homes, Inc. (OH)
Federation of So. Co-ops/Land Assistance Fund (AL)
Florida Council for Rural Housing and Development (FL)
Franklin County Regional Housing Authority (MA)
Frontier Housing, Inc. (KY)
Genesee Valley Rural Preservation Council, Inc. (NY)
Georgia Housing Coalition (GA)
Green County Democrats Newspaper (AL)
Griffin-Mandella Tenants Organization, Griffin-Mandella Apartments (AL)
Harvest Homes (IN)
Hawaii Island Community Development Corporation (HI)
Homes In Partnership, Inc. (FL)
Housing Assistance Corporation (NC)
Housing Assistance Council (DC)

Kitsap County Consolidated Housing Authority Self Help Housing Program
Larry Kyte Builders (OH)
Letchworth Development Corporation (NY)
Local Initiatives Support Corporation (DC)
Lower Columbia Community Action Council (WA)
McCauley Institute (MD)
Mennonite Housing Rehabilitation Service, Inc. (KS)
Mercy Housing Sacramento (CA)
Milford Housing Development Corporation (DE)
Millsboro Housing for Progress (DE)
Mississippi Council for Rural Housing and Development (MS)
Mountain Housing Opportunities, Inc. (NC)
National American Indian Housing Council (DC)
National Council of State Housing Agencies (DC)
National Low Income Housing Coalition (DC)
National Rural Housing Coalition (DC)
NCALL Research, Inc. (DE)
Neighborhood Housing Services of Richland County (WI)
New York State Rural Housing Coalition (NY)
North County Housing Foundation (CA)
North Carolina Low Income Housing Coalition (NC)
Northwest Housing Development (WA)
Northern Community Investment Corporation (VT)
The Office of Rural and Farmworker Housing (WA)
Opportunities, Inc. (MT)
Pearl River Valley Opportunity, Inc. (MS)
People Incorporated (VA)
People for Better Housing, Inc. (MD)
Peoples' Self-Help Housing of San Luis Obispo (CA)
PLAN Housing Development (TN)
PLBA Housing Development Corporation (AL)
R. J. Cromheecke Realty, Inc. (WI)
Raynham Housing Authority (MA)
Ridout Lumber Company (AR)
Rural Community Assistance Corporation (CA)
Rural Development, Inc. (MA)
Rural Rental Housing Association of Arkansas (AR)
Rural Rental Housing Association of Virginia (VA)
Rural Housing Improvement (MA)
Rural Opportunities, Inc. (NY)
Rural Ulster Preservation Company (NY)
Sanders-Black Tenants Organization, Sanders-Black Apartments (AL)
Self-Help Enterprises (CA)
Self-Help Housing of Dodge County, Inc. (WI)
Self-Help Housing Corporation of Hawaii (HI)
Self-Help Housing Recipient (AR)

Shingebiss Associates (NY)
Shoreup! Inc. (MD)
Snow Hill Citizens for Decent Housing (MD)
South Bay Improvement Association (CA)
South Carolina Council for Rural Housing and Development (SC)
South County Housing (CA)
Southern Maryland Union of Black Episcopalians (MD)
Southwestern Community Services, Keene (NH)
Ted Hankins Associates (OH)
Tri-C Development, Inc. (WI)
Tri-County Community Development Corporation (MD)
Universal Housing Development Corporation (AR)
Virginia Water Project (VA)
W. B. Sales (IN)
Wendy Hills Tenant Organization, Wendy Hills Subdivision (AL)
West Alabama Farmers Cooperative (AL)
Whatcom Self-Help Homes (WA)
Yuma County Housing Development Corporation (AZ)

*Similar letter sent to Senator Dale Bumpers, Chairman of the Appropriations Subcommittee on Agriculture, Rural Development, and Related Agencies

CONSERVATION PROGRAMS

WITNESS

RALPH E. GROSSI, PRESIDENT, AMERICAN FARMLAND TRUST

Mr. DURBIN. Ralph Grossi, with the American Farmland Trust. We will put your statement in the record.

Mr. GROSSI. Thank you very much, Mr. Chairman. I will try to summarize briefly and not digress too much from my written testimony, but very briefly, Mr. Chairman, my name is Ralph Grossi. I'm the president of the American Farmland Trust.

I'm a farmer, cattle rancher, small grain producer in Northern California, and I guess I have a special concern both as a farmer and as the head of a conservation organization about the future direction of federal policy, and the allocation of very scarce available resources that like it or not, influence behavior out on the land, both positively and negatively.

It is of course this committee that has the great opportunity to influence that behavior in a positive fashion by rewarding and providing the incentives for improved stewardship of our farmland.

I would like to first suggest that we tried to look at this issue in a very broad context, that is all of agricultural lands should be farmed in a sustainable fashion and with the least environmental impact, as well as the highest productivity that we can get in combination with the two.

But at both ends of the spectrum, there is land that needs special attention. There is land at the environmentally sensitive end, if you will, that we simply cannot farm with current technologies and sustained production over the long haul without serious environmental problems.

So that some of our recommendations deal with the land on that end, programs like the wetland reserve and others, to in a voluntary way, retire some of this land or get it back into a more sustainable use for the long haul.

At the other end, there is strategic farmland, highly productive prime farmland that is being lost everyday to urban encroachment in this country, and the committee and Congress needs to pay attention to local, state and federal programs, provide assistance to them that will help us address the problem of the loss of prime farmland because for every acre we lose of the very best land, it's going to put a great deal more pressure on the sensitive land at the other end of the spectrum.

Like it or not, 50 years from now, we're going to have to feed a population that is twice the size of the world population today, and it just behooves any nation to keep its good farmland for future food production.

With that said, I would like to address a couple of very specific programs. The farms for the future program was authorized in the 1990 food, agriculture and conservation and trade act. The pilot program as it is currently structured, provides low cost loans to states, leverage local funds to enable states to purchase long-term conservation easements to protect locally important and prime farmlands.

This program along with the wetlands reserve program and the farmers home administration easement for credit program are providing important information and experience on the use of conservation easements. This information we believe will be very valuable as the debate in the 1995 farm bill on the future use of sensitive lands currently in the conservation reserve program becomes more heated.

State and local programs have protected more than a quarter of a million acres through these targeted easement programs. At the same time, the best estimate is that the nation has lost 100 times that much farmland during the same period of time to development.

Local governments and state governments needs help. Our recommendation is that the subcommittee support the administration's budget request of $3 million for the third year of the farms for the future program.

Soil conservation service is the obvious agency to provide the technical assistance and outreach to the local farm community, and is doing so. We hope the subcommittee will make it clear to SCS that this is a role you want them to continue to play.

As science and the American public come to understand the earth in terms of interrelated ecosystems and habitats, it has become clear that certain lands play such an important role in the environment that they should be left to function naturally.

I'm referring now to programs like the conservation reserve program and the wetlands reserve program. The wetlands reserve program in the initial nine pilot states, landowners are willing to permanently restore wetlands if they can recoup a significant portion of the cost.

As Mr. Berg mentioned earlier, last year we conducted a series of workshops to talk about with farmers and agencies, about the wetlands reserve program, and try to find what the problems are in terms of acceptance, conservation easements, administration of the program and so forth.

That particular report is available if the Chair so wishes.

Our recommendation is that the Congress provide sufficient funding for the wetlands reserve program to continue for the next year, enabling U.S.A. to build a viable wetlands reserve.

We also encourage Congress to provide adequate funding to cover current CRP contracts. CRP has also been an expensive program but in light of CBO's current ruling, the CRP funds go out of the baseline when CRP contracts expire.

We would suggest that there be no new ten year contracts written. Rather we would suggest you consider providing funds for the environmental easement program authorized in the 1990 FACT act.

This can be done now by directing USDA to utilize a portion of the already approved emergency Mississippi flood relief funds to purchase environmental easements in flood damaged areas that are not necessarily suited to re-establishing wetlands.

Despite spending billions of dollars to support the income of select commodity producers, the federal government spends very little to address the fundamental long-term agricultural sustainability concerns.

A.F.T. strongly encourages you to begin now to shift farm program payments to green payments by improving the funding for the conservation and sustainable agriculture programs that already exist.

When ASCS funds and soil surveys are backed out of the administration's budget, it becomes clear that the $500 million proposed for SCS is level funding. SCS has the dual responsibility of seeing that the conservation mandates of the 1990 FACT act are fully implemented, and of an expanded role in implementing the administration's wetlands and water quality policy.

Our recommendation is to maintain funding at least equal to fiscal 1994, and utilize any cost savings realized from USAD reorganization and field office consolidations to enhance SCS service to farmers.

The administration's budget calls for drastic decrease in funding for ACP, the old cost-share program. Funding in 1995 would fall from $195 million to $100 million. Perhaps the administration believes that full implementation of the conservation compliance plans of December 1995 will reduce the need for ACP and other conservation programs.

Such a view would be terribly naive. Many farmers are now discovering they need to augment planned residue management with costly conservation structures to meet soil loss reduction goals each year.

The WQIP program is a program many farmers and conservationists are looking to as the model for addressing the nation's water quality and soil health problems. The small watershed program is targeted again by the administration for severe cuts.

Our recommendation is to restore funding to the fiscal year 1994 level of $195 million, and direct sufficient funds to be allocated to WQIP to enroll at least 3 million acres in 1995.

Both the sustainable agriculture research and extension program, and the sustainable agriculture technology development and transfer program are important new programs in the 1990 farm bill.

Our recommendation is full funding for both the SARE and the SATDTP programs at a total cost of $60 million. That would be only 3.6 percent of the total Department of Agriculture expenditure for research and extension.

A.F.T. is pleased to see the administration moving aggressively toward integrated pest management by setting goals for its adoption, and by providing funds to expand research programs.

Our recommendation is to support the administration's aggregate package of $127.8 million for IPM and biological controls.

Mr. Chairman, thank you for the opportunity to present this testimony today. I would be happy to answer any questions you might have.

Mr. DURBIN. Well, I thank you for your testimony, and as you can tell if you've been here for previous witnesses, there is some difference of opinion on some of these programs.

Mr. GROSSI. Yes.

Mr. DURBIN. As to what level funding would be adequate, but I think we certainly don't quarrel with your goals.

I am, for one, concerned about farmers for the future. It's turned out to be Vermont farmers for the future, and if this program has any viability, it's either going to become a national program, or the State of Vermont can pay for it, as far as I'm personally concerned.

Mr. GROSSI. I could not agree with you more, Mr. Chairman. The program needs to be a national program. We have some very special land in this country where good farm land and certain climatic conditions make agricultural production especially attractive.

It also in many cases happens to be the places where people like to live, and we need to help local governments and state governments in addressing that issue because we can't replace that land domestically.

The farms for the future program still needs to have the bugs worked out of it, so we are suggesting some modest funding in 1995 so we can continue to work on the program. We will have some specific recommendations for the agriculture committee in terms of how to make the program more attractive and more effective for other states in addition to Vermont.

Mr. DURBIN. Thank you. Mr. Peterson, do you have any questions?

Mr. PETERSON. No, I would just echo your comments on the farms for the future. As I went through this, I couldn't help but notice that I spent a long time in the military and I thought that DOD had a real lock on acronyms. It's clear USDA has beat us up on this. [Laughter.]

Unless you know the alphabet frontwards, backwards, and sideways, you can't operate in this environment, but I appreciate your statement. It's very good.

Mr. GROSSI. Thank you.

Mr. DURBIN. Thanks for your testimony.

[The information follows:]

American Farmland Trust

Testimony of Ralph Grossi, President
Before the
House of Representatives
Committee on Appropriations
Agriculture, Rural Development, Food and Drug Administration,
and Related Agencies Subcommittee
March 8, 1994

Introduction

American Farmland Trust's priority is protecting the land. Land is the foundation of agricultural production and a healthy environment with clean air, clean water and productive soil supporting the broadest variety of ecosystems. We have a vision for an American agricultural landscape where strategic farmland is protected from land conversion pressures; where environmentally sensitive land is protected for its ecological values: and where all agricultural land is managed for the optimum balance of productivity, income and environmental benefits.

Strategic Farmland: land that by nature of its soils, climate, location, or other characteristics is of special (perhaps irreplaceable) value for production of agricultural crops.

Environmentally Sensitive Land: land that provides the greatest public good in its natural state and therefore should not ordinarily be cultivated.

Agricultural Land: the majority of farmland which, under good stewardship that employs adequate conservation techniques, can be farmed profitably and indefinitely for a sustainable agricultural industry.

During the past 60 years, the Congress has created a variety of good programs to address the conservation and stewardship needs of the American agricultural landscape. While we might argue that changes and/or new programs are needed, the fact is, the programs available today will go a long way toward solving critical problems facing agriculture and American farmland, if only they receive adequate funding.

Protecting Strategic Farmland

Farms for the Future (FFF)

The Farms for the Future program was authorized in the 1990 Food, Agriculture,

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Tel: (202) 659-5170 Fax: (202) 659-8339

Conservation, and Trade Act. The pilot program, as it is currently structured, provides a low cost loan to states (currently Vermont), leveraging local funds to enable the state to purchase long-term farmland protection easements. This program, along with the Wetlands Reserve Program and the FmHA easement for credit program are providing important information on the use of protective easements. This information will be invaluable when Congress begins to restructure sensitive land protection programs such as the Conservation Reserve in the coming year.

State and local governments have protected 250,000 acres of strategic farmland resources over the past decade. In the same time, the best estimate is that the nation has lost 100 times that much farmland to development. They need help. Not just federal dollars, but technical assistance to identify prime farmland and farmer friendly ways to protect it.

Recommendation: AFT encourages the Subcommittee to support the Administration's budget request of $3 million for the third year of the FFF program. The Soil Conservation Service is the obvious agency to provide the technical assistance and the outreach to the local farm community and is doing so. We hope the Subcommittee will make it clear to SCS that this is a role you want them to continue to play.

Environmentally Sensitive Land

As science and the American public have come to understand the earth in terms of interrelated ecosystems and habitats, it has become clear that certain lands play such an important role in the environment that they should be left to function naturally. Other lands are so fragile or sensitive that tillage produces more negative off-farm impacts (nonpoint source pollution, for example) than food production needs warrant. At some point in the future, AFT envisions Congress creating a privately owned "Environmental Reserve" where the public shares in the cost of protecting wetlands, very highly erodible lands, unique species habitat, riparian stream buffers, etc., through the purchase of protective easements. This would begin by coordinating existing environmental set-aside programs such as CRP and WRP.

Conservation Reserve Program (CRP)

The Conservation Reserve Program provides substantial soil erosion reduction benefits, wildlife benefits and income transfer benefits to rural communities.

Wetlands Reserve Program (WRP)

The Wetlands Reserve Program proved, in the initial nine pilot states, that landowners are willing to permanently restore wetlands if they can recoup a significant portion of the cost. And the WRP has provided a model for addressing some of the impact of the 1993 floods. Repairing flood damage to land and property is much more expensive than preventing the damage by restoring the natural functions of wetlands.

Recommendation: AFT requests that Congress provide sufficient funding for the WRP to enable the USDA to build a viable wetlands reserve.

We also encourage Congress to provide adequate funding to cover current CRP contracts. CRP has also been an expensive program with no guaranteed long-term benefits. In light of CBO's current ruling that CRP funds go out of the baseline when CRP contracts expire, we would suggest there be no new 10 year CRP contracts. Rather, we would suggest you consider providing funds for the Environmental Easement Program authorized in the 1990 FACT Act. This can be done now by directing USDA to utilize a portion of the already approved Emergency Mississippi Flood Relief Funds to purchase Environmental Easements on flood damaged lands that are not suited to reestablishing wetlands.

Agricultural Land

The vast majority of agricultural land in the United States, while it may be highly productive, is not unique in its ability to produce a particular crop, nor is it under great threat of conversion, nor is it environmentally sensitive to the degree it ought not be farmed. The agricultural productivity of this land is, however, of enormous importance for its role in providing food security to the world, a livelihood to the farmers who work the land and an economic foundation to rural communities.

Despite spending tens of billions of dollars to support the income of select commodity producers, the federal government spends very little to address the fundamental long-term agricultural sustainability concerns. AFT strongly encourages you to begin now to shift farm programs to "green payments" by improving the funding for the conservation and sustainable agriculture programs that already exist.

Soil Conservation Service - Technical Assistance and Conservation Operations.

> When ASCS funds and soil surveys are backed out of the Administration's budget, it becomes clear that the $500 million proposed for SCS is level funding. SCS has the dual responsibility of seeing that the conservation mandates of the 1990 FACT act are fully implemented and an expanding role implementing the Administration's wetlands and water quality policy.

Recommendation: Maintain funding at least equal to FY 1994 and utilize any cost savings realized from USDA reorganization and field office consolidations to enhance SCS service to farmers.

Agriculture Conservation Program (ACP) and Water Quality Incentive Program (WQIP)

> The Administration's budget calls for a drastic decrease in funding for ACP (cost share for conservation practices). Funding in FY 95 would fall from $195 million to $100 million. Perhaps the Administration believes that full implementation of conservation compliance plans in December of 1995 will reduce the need for ACP and other conservation programs. Such a view would be naive. Many farmers are

now discovering they need to augment planned residue management with costly conservation structures to meet soil loss reduction goals every year.

The WQIP is the program many farmers and conservationists are looking to as the model for addressing the nation's water quality and soil health. It is a voluntary, incentive-based program designed to help farmers meet conservation goals comprehensively. Congress called for a 10 million acre WQIP enrollment by 1995, targeted to the farms with the potential for the greatest surface and ground water benefits.

The small watershed program is targeted by the Administration for severe cuts. In light of the growing Administration, Congressional and public sense that the best way to address water quality issues is on a watershed basis, it would be preferrable to retain sufficient funding for this program until better alternatives are identified.

Recommendation: Restore funding to the FY 1994 level of $195 million and direct that sufficient funds be allocated to WQIP to enroll at least 3 million acres.

Sustainable Agriculture Research and Extension Program (SARE) and the Sustainable Agriculture Technology Development and Transfer Program (SATDTP)

The SARE competitive grants program, currently funded at $7.4 million per year, has demonstrated its ability to bring together diverse agricultural interests to develop an economic and environmentally productive agricultural system through practical R&D. Congress authorized a $40 million spending level in 1990.

The SATDTP Provides for a nationwide sustainable agriculture outreach effort by training extension agents and SCS and ASCS field personnel in sustainable agriculture systems. The program is authorized at $20 million, but is currently funded at only $3 million.

Recommendation: Full funding of both the SARE and SATDTP programs at a total cost of $60 million would be only 3.6 percent of the total Department of Agriculture expenditure for research and extension. Funding at the Administration's request level of $8.8 million and $5 million respectively is less than 1 percent. Investing less than a penny of every research dollar in the future is simply too little. Therefore, AFT encourages the Congress to fully fund these programs or, at the very least, to move in that direction by providing $20 million for SARE and $10 million for SATDTP.

Integrated Pest Management and Biological Controls (IPM)

AFT is pleased to see the Administration moving aggressively toward IMP by setting goals for its adoption and by providing funds to expand research programs. The American public appears to want food untainted by pesticides and the IMP approach offers the most rational compromise between reducing pesticide use and reducing risk. Perhaps we can have our cake and eat it too.

Recommendation: Support the Administration's aggregate package of $127.8 million for Integrated Pest Management and Biological Controls.

Conclusion

The American Farmland Trust appreciates this opportunity to share our conservation program funding priorities with you. We are aware that this Subcommittee and the Congress must work within the constraints of the Budget Enforcement Act. However, we do not believe the nation's concerns for conservation of natural resources should go unaddressed and conservation programs go unfunded while billions of dollars are spent on farm programs simply to enhance farm income for some farmers. AFT has proposed and will continue to propose changing farm programs to a system of "green incentives" that will enable the public to buy conservation benefits (a very real, but unrecognized product) from American farmers.

Thank you.

RURAL HOUSING PROGRAMS

WITNESSES

RAY HUFF, TREASURER
MARJORIE C. PHILLIPS, REPRESENTATIVE, COUNCIL FOR RURAL HOUSING AND DEVELOPMENT

Mr. DURBIN. Ray Huff and Majorie Phillips of the Council for Rural Housing and Development.

We have your statements for the record. Please, if you would like at this point to summarize or highlight, we would appreciate it.

Mr. HUFF. Mr. Chairman and members of the subcommittee, thank you for the opportunity to testify on the importance of the farmers home 515 program.

My name is Ray Huff, and I'm with Huff Investment Company out of Opelika, Alabama. We build and manage 515 properties. I'm also the treasurer of the Council for Rural Housing and Development, a national trade association which represents hundreds of thousands of 515 units.

Our membership includes many various professionals in the housing industry.

C.R.H.D., another acronym, Congressman, has appeared before this subcommittee many times in the past to discuss the funding of the 515 program. President Clinton proposes to reduce the 515 program in fiscal year 1995 by over 60 percent, from $540 million to just $220 million.

Mr. Chairman, I could repeat the statistics about the success of the program as we have done in the past, but I think it is more important to actually consider the people who have benefited from the program.

Since the program's inception in 1963, over 440,000 units of housing for low income families, elderly and handicapped have been created by the program. About one million people live in the housing, and each one has a story to tell.

Many of these people feel so strongly about their housing that they have written letters to their congressional representatives describing how important the program has been in their lives, and asking that the same opportunity not be denied to thousands of people who still need the housing.

A reduction in funding means a denied opportunity for thousands of rural Americans to live in decent, safe, affordable housing.

I have with me a very important person from one of our properties in Graceville, Florida. Marjorie Phillips is one of those people who has the 515 is designed to help. She wrote a letter describing her experience to Representative Peterson of this committee.

I was so impressed with it that I asked her to come here today and read it to all of you. Upon her conclusion of her testimony, I will offer a brief conclusion.

With that, I present Ms. Marjorie Phillips.

Mr. DURBIN. Ms. Phillips, glad to have you. Thank you for making the trip to come up here.

Ms. PHILLIPS. Thank you. I'm very happy to be here, Mr. Chairman.

I am a resident of the farmers home program and I am considered by society as a misplaced homemaker, divorced after 35 years of marriage, and now I am myself disabled. Without the low income housing for elderly and disabled, I could not live independently. Why does our government humiliate those who already have nothing? I am appalled that you would even consider such a reduction.

I just love our complex and if anything, I would like to encourage more built due to the scarcity of them. I moved 350 milles in seach of this particular type of rental. There is a two or more year waiting period, and for the most part, are not even taking applications anymore. Is there a dire need? I would surely say so, as I've tried.

I, for one, do not qualify for Medicaid, food stamps, nor medications, and I am way below poverty level, and this is the only benefit that I receive, and it is being threatened.

My total income is a fraction above the maximum at which it excludes me from anything except for this program. This is one program that needs more approach, certainly not a deletion of funds.

I would like to enlighten you as to the type of tenants that live in Graceville Estates Apartments. There is an 83-year old gentleman that prior to moving here, did not even have running water. There is widows and widowers, a 35-year old epileptic, a 21-year old paraplegic, a 25 year old manic depressive. Must I go on?

The point I want to make here is that all these tenants are able to care for themselves with the help of available programs from farmers home section 515, and within their limited income.

Please do not turn away from what is right. I ask you to do what is right and just. Have you carefully investigated this area that you're about to defuse? It is my opinion that you have not done so, have no conception of the need or just no longer care.

I invite you to consider the alternatives and consequences before you start slicing this program. Won't you come and visit and view the gentle nature of these tenants? Then perhaps your minds will be transformed and renewed. We would be more than happy for you to visit as well as our manager of Graceville Estates Apartment.

I'll grant you, a lot of programs need to be trimmed, but this is definitely not one of them.

Our country should be proud of the good this program provides. Please keep providing the funds to help people who so much need and appreciate such a worthwhile program. Surely you people in Washington can find the money to save farmers home section 515. We are depending on you to prevent this cut from happening. Please do not diffuse this program.

Has our government reached a point in governing that they have to attain their goal by such inhumane actions?

Mr. HUFF. Thank you, Marjorie. Mr. Chairman and members of the subcommittee, we could read you many more similar letters, but obviously do not have the time to do so today.

I personally read many, many of those letters which have been presented to Congressman throughout the nation, and while each one has their own story, they all have one overriding message.

They all appreciate the opportunity for their home. Without it, they fear they would have to join the ranks of the homeless. They do not want to see that opportunity for 515 housing be denied to the many others who desperately need it.

The fact is that the section 515 program is currently the only way to develop low income housing in rural America. This program has already done more than its share to reduce the budget deficit. Since 1985, the program has been cut from $940 million to its current level of $540 million.

At the same time, the need for this housing has not diminished. In fact, it has increased. The 515 program doesn't just house needy rural Americans. It also creates jobs and adds to rural communities property tax base which is used largely to fund education.

Please to not reduce the 515 program any further. Fund it at this year's level of $540 million. Remember the recipients of the program—the tenants, and their housing needs when making your critical appropriations decisions.

We thank you.

Mr. DURBIN. Thank you very much and I want to thank Ms. Phillips particularly for coming and your testimony, real life experience is important to this subcommittee.

We get lost in statistics and figures and acronyms, and I think it's important for people like you to come around and remind us that there are real people involved.

Ms. PHILLIPS. Yes, sir.

Mr. DURBIN. Your journey here makes all the difference.

Ms. PHILLIPS. Thank you.

Mr. DURBIN. But before you get up, I'm going to let your congressman to whom this letter was addressed, put his response on the record. [Laughter.]

Mr. PETERSON. May I say the visit will make that happen, and I do want to do that, and I regret that we have had to disconnect.

But I agree, this has put a personal face on this thing. This isn't just a circumstance where it is a line item in a budget. It's people, and we fully understand that.

After you gave me a number of those letters, I thumbed through those and they were incredible and I hope that everyone has had an opportunity to see that, and if not, I will bring some to the committee and let everyone see them.

Clearly the need is there. The numbers that we're talking about for the rural housing requirements are not met.

They are not even close to having been met, and we're going to have to make a very serious look at this to see if we can restore some of the recommended fundings that are there.

We're dealing with quality of life. We're dealing with enabling particularly the elderly to have their last years frankly with some confidence and retain the esteem from which they have had a good life and had participated in the economy of this great nation in that process.

But I really commend you all for coming before us today, and I can tell you even though it's late, your message has been well-received and we certainly will be looking at this very closely as we go into our considerations and consultations with the subcommittee as a whole.

I appreciate you coming up and look forward to seeing you down in Graceville.

Mr. DURBIN. Thank you very much.

Mr. HUFF. Thank you.

Ms. PHILLIPS. Thank you for having me here today.

Mr. DURBIN. You bet.

[The information follows:]

Council For Rural
Housing And Development

TESTIMONY

OF THE COUNCIL FOR RURAL HOUSING AND DEVELOPMENT

Before the Subcommittee on Agriculture, Rural Development,
Food and Drug Administration and Related Agencies

March 8, 1994

Mr. Chairman and Members of the Subcommittee, thank you for providing us with this opportunity to testify on the importance of the Section 515 rural rental housing program.

My name is Ray Huff and I am with the Huff Investment Company out of Opelika, Alabama. We build and manage Section 515 properties. I am also the Treasurer of the Council for Rural Housing and Development, which is a national trade association of 340 members and 20 affiliated state organizations of individuals involved in all aspects of the Section 515 program. Our members include managers, developers, equity financiers, market analysts and other professionals in the housing industry.

CRHD has appeared before this Subcommittee many times in the past to discuss the funding for the Section 515 program. Almost every time, our appearance has been preceded by a President's budget that proposed to severely cut or even eliminate this good program. Never before, however, have we been quite as surprised by a President's budget as this year.

President Clinton proposes to reduce the Section 515 program in FY95 by over 60%; from $540 million to just $220 million. Mr. Chairman, I could repeat the statistics about the success of the program as we have done in the past, but I think it is more important to actually consider the people who have benefitted from it.

Since the program's inception in 1963, over 440,000 units of housing for low income families, elderly, and the handicapped have been created by the program. About one million people live in the housing and each one has a story to tell.

Many of these people feel so strongly about their housing that they have written letters to their Congressional Representatives describing how important the program has been in their lives and asking that the same opportunity not be denied the thousands of people who still need this housing. A reduction in funding means a denied opportunity for thousands of rural Americans to live in decent, safe, *affordable* housing.

I have with me a very important person from one of our properties in Graceville, Florida. Marjorie Phillips is one of those people who has benefitted from the program. She wrote a letter describing her experience to Representative Pete Peterson of this Committee. I was so impressed with it, that I asked her to come here today to read it to all of you.

MARJORIE PHILLIPS READS HER LETTER

Mr. Chairman and Members of the Subcommittee, we could read you many more similar letters but obviously do not have the time to do so today.

The Section 515 program serves the very poorest of the poor. The typical Section 515 household has an income of less than $9,000. The fact is, the Section 515 program is currently the only way to develop low income housing in rural America. Without it, it is unlikely that affordable housing would get built in most of these small towns and many people would simply be forced to continue to live in substandard, overcrowded housing, if they were not forced into homelessness.

This program has already done more than its share its to reduce the budget deficit. Since 1985, the program has been cut from $940 million and last year alone received a cut of approximately $35 million. At the same time, the need for this housing has not diminished. In fact, it has *increased.*

The USDA budget document says this program should be reduced because of the high subsidy cost of the program, both in terms of interest subsidy on loans to finance the projects and the ongoing cost of providing rental assistance on approximately 60 percent of the units. Yes, the Section 515 program is a more expensive program for budget purposes than some of the other FmHA housing programs. But, it serves a more needy, impoverished clientele. And, it provides housing at a per unit cost at a very low rate (about $40,000 per unit) and creates housing that is in low income use for fifty years. It works.

There comes a point when the decision has to be made that as a society, we will meet certain obligations to our people. One is that they have shelter. We are currently grappling with the obvious need of the homeless in our inner cities. The need of the rural elderly, handicapped and low income citizens of America is no less great, simply less visible.

And what price does one place on stemming the tide of homelessness now, at this minute?

Please do not reduce this program any further. Fund it at this year's level of $540 million.

Thank you.

March 3, 1994
1082 Sanders Ave., Apt. C2
Graceville Estates Apartments
Graceville, FL 32440

The Honorable Pete Peterson
United States House of Representatives
Washington, D.C. 20515

Dear Congressman Pete Peterson:

I am considered by society as a misplaced homemaker, divorced after 35 years of marriage and now disabled. Without the low income housing for elderly and disabled I could not live independently. Why does our Government humiliate those who already have nothing? I am appalled that you would even consider such a reduction. I just love our complex and if anything I would like to encourage more built due to the scarcity of them. I moved 350 miles in search of this particular type of rental. There is a two year or more waiting period and for the most part are NOT even taking applications anymore. Is there a dire need? I would surely say so, as I've tried.

I for one do not qualify for Medicaid, food stamps, nor medications and I am WAY BELOW poverty level, and this is the only benefit that I receive, and it is being threatened. My total income is a fraction above the maximum at which it excludes me from anything except for this program. This is one program that needs more APPROACH, certainly not a deletion of funds.

I would like to enlighten you as to the type of tenants that live here. There is an 83 year old gentleman that prior to moving here did not have running water, widows and widowers, a 35 year old epileptic, a 21 year old paraplegic, a 25 year old manic depressive, a retired pastor, a retired missionary, several wheel chair victims, and misplaced homemakers. Must I go on? The point I want to make here is that all these tenants are able to care for themselves with the help of available programs from Farmers Home Section 515, and within their limited income.

Please do not turn away from what is right. I ask you to do what is right and just. Have you carefully investigated this area that you're about to DEFUSE? It is my opinion that you have not done so, have no conception of the need or no longer care. I invite you to consider the alternatives and consequences before you start slicing this program. Won't you come and visit and view the gentle nature of these tenants? Then perhaps your minds will be transformed and renewed. We would be more than happy for you to visit us as well as our manager of Graceville Estates Apartments.

I'll grant you, a lot of programs need trimming, but this one is definitely NOT one of them.

Our country should be proud of the good this program provides. Please keep providing the funds to help people who so much need and appreciate such a worthwhile program. Surely you people in Washington can find the money to save Farmers Home Section 515. We are depending on you to prevent this cut from happening. PLEASE DO NOT DEFUSE THIS PROGRAM!

Has our government reached a point in governing that they have to attain their goal by such inhumane action?

Respectfully,

Marjorie C Phillips

Marjorie C. Phillips

CONSERVATION PROGRAMS

WITNESS

ERNEST C. SHEA, NATIONAL ASSOCIATION OF CONSERVATION DISTRICTS

Mr. DURBIN. Ernest Shea of the National Association of Conservation Districts.

Mr. Shea.

Mr. SHEA. Thanks very much, Mr. Chairman. My name is Ernie Shea, the executive vice president of the National Association of Conservation Districts, and with me today for technical assistance and maybe moral support is Billy Wilson who is the president of our state association in Oklahoma.

Mr. DURBIN. Welcome.

Mr. WILSON. Thank you.

Mr. SHEA. Mr. Chairman, we've submitted our testimony for the record. I won't read through it. I do want to just hit a view of the highlights.

As you may know, conservation districts are special purpose units of state government. We are partners with USDA's conservation agencies. We work parallel at the field office level, and because of that, we live in the same house, we use the same phone, the same computer equipment, service the same customers, and we are a true partnership, and because of that, we felt it's important to share our recommendations with you.

We've included recommendations for the soil conservation service, ASCS, the extension service, CSRS and the agricultural research service.

Listening to the testimony this afternoon, it's obvious that committee is under great pressure to reduce spending. We share this concern, and I think everyone does, that the deficit has to be brought under control, and it is difficult for us, as I am sure it is for others, to come before you and ask for more money, but in fact, that's what we're doing.

The recommendations that our members developed at our national convention just two weeks ago, excuse me, several weeks ago in Phoenix, are based on our best estimate of true need, of actual need.

And there are large numbers, but it just is an indication I think of the magnitude of the conservation workload that the nation faces.

We're particularly supportive of efforts to improve the efficiency at the field office level, the efforts underway to try to streamline, cut costs, eliminate waste, duplicate programs, and we've been working with the secretary and other USDA officials on departmental reorganization.

We think we can save dollars that we can transfer back and put to better use at the field office level.

Having said that, however, we believe that the administration's 1995 budget recommendations for their conservation programs are really heading in the wrong direction, and are seriously flawed.

We are particularly concerned with the recommendations for the soil conservation service and ASCS. When you look at just a couple of examples of some of the programs that they are proposing for termination, the P.L. 566 program, our small watershed program, and the Great Plains conservation programs, they are not large programs in the grand scheme of things in terms of the USDA budget, but they are very important tools that we use day-in, day-out to help individual landmanors solve their serious conservation problems on their properties.

They are proven. They're effective. They're incentive-driven. We think they are extremely cost effective and to at this point in time propose their termination, we think, takes the whole program in the wrong direction.

The 566 program has been the subject of considerable debate. There are many members of the environmental community who see it as something it was 20 or 30 years ago. It's a pipe and concrete, structural program. Certainly there are some structural measures that are important, but the program is a lot more than that. It's a land treatment measure, and it's a good tool to help us implement the next generation of ecosystem management programs.

So we would just point out those two examples.

In terms of our specific recommendations, for the soil conservation service, we're recommending a total overall appropriation of approximately $1.5 trillion. That includes a $265 million increase for conservation technical assistance programs, the base programs that we use to implement technical assistance at the field office level.

This is where we write conservation, this is the fund that we use to write conservation plans, working with individual farmers, ranchers, and other land managers.

The point I guess I would want to make on this account is that you've heard a lot of talk about the 1985 and 1990 farm bills, the new conservation titles, the new programs. They are very important tools in our overall tool box, but when you look at the total workload of SCS and of our local districts, that represents only about 40 percent of what we do day-in, day-out, servicing landowner requests.

There are a lot of other conservation problems that we use these dollars for—non-highly erodable land, crop land erosion, non-commodity crop land erosion, water quality, endangered species work, wetlands protection.

There is also a whole cadre of urban-related conservation program needs that these dollars support, so they clearly cover a wide range of programs. They are used to service more than just those cooperators that participate in USDA commodity programs.

They are matched at the state and local level, and in partnership with state conservation agencies in our districts. We multiply those dollars several timesfold to delivery technical assistance to farmers and ranchers.

A couple of new recommendations that we've included in our funding resolution this year, Mr. Chairman. We've included a recommendation to start a new line item at $50 million to write stewardship management plans. It's the terminology that we are using for ecosystem management plans.

You no doubt have heard other witnesses talk about the need to do more than just control erosion. We think the real solution to these off-site problems is to write comprehensive natural resource management problems that address the soil erosion, the water quality, the habitat concerns, and wrap them all together with one plan.

The days of running out and micro-managing resources are over. They tend to work against each other, those initiatives, and they confuse the landowner. They are asking for a one-stop shopping, and this type of planning program we think you provide that.

We have also included a recommendation for $20 million of new funding to support grazing land conservation work. All across America, pasture and range land has been sorely neglected, particularly over the past five to ten years. We have had a significant redirection of what were already very limited resources towards the 1985 and 1990 farm bills, and the dollars that had to go into the midwest to help producers with highly errodable land came from areas like the Northeast, or the urban programs came from the pasture and range areas of the country, and those resources are in need of assistance as well.

Last, in terms of a new program, we are recommending $30 million to support SCS's exploding workload in the urban area—urban erosion and sediment control, storm water management, urban non-point source pollution.

S.C.S. is the only federal technical agency on the ground with the experience, the data to help state and local governments solve these problems, and again, it's a partnership. It's not all the federal government, but those partner dollars are critical in that area.

There is a couple of line items that I would point out. I mentioned the watershed programs. We are recommending $20 million for watershed planning, $330 million for watershed operations, and there are two other programs inside of SCS that we see as critical.

One I've mentioned, that's the Great Plains program. We are recommending that it be funded at $40 million, and the RC&D program, our rural development programs that SCS implements, we are recommending that they be funded at $50 million.

Turning to ASCS, the last agency I'll mention specifically, this is a very critical partner agency that works side by side with conservation districts. They have a number of important tools in their tool box that we rely on. The conservation reserve program is the biggest such program. We are recommending that we fund the 39.6 million acre reserve in 1995, and that would be about a 3 million acre reserve increase.

We are also recommending for the ACP program which is our primary cost-share program where we help farmers and ranchers defray costs of implementing conservation practices, we're recommending that that program be funded at $275 million, $50 million of which would go towards the water quality incentive program, a very promising program that will help hopefully address some clean water act problems that we're facing.

And lastly, for the wetland reserve program, we are recommending that it be funded at a level to support 150,000 acre reserve which might be somewhere between where some of the extreme recommendations are, and perhaps where we are today.

I would also call your attention to the recommendations we've made for those other agencies—extension, CSRS, and ARS. They too are partner agencies. They don't function separate from these other programs. We attempt to coordinate and work together, and we have highlighted some of the recommendations that we feel are important there.

What this all boils down to is priorities. We know there are very difficult decisions that have to be made, but we would just remind the committee that we're struggling with a whole new generation of environmental conservation programs that the Congress is mandating, that state and local governments are mandating, and unfortunately, the resources to fuel these new programs are heading in the opposite direction.

So we are struggling, as many other folks are too.

Thank you, and we appreciate everything you've done to help these programs in the past, and we would be glad to answer any questions you may have.

Mr. DURBIN. Mr. Shea, what is your net recommendation beyond let's say the 1994 appropriation level? How much more are you asking for?

Mr. SHEA. I think we would have to go agency by agency. I mean, I can give that to you if I had a calculator. I don't have it here, but for instance, for SCS, we are recommending a major increase from approximately $916 million to $1.5 trillion.

Excuse me, excuse me. That's approximately 33 percent increase, broken down according to those specific programs contained in that.

Mr. DURBIN. And similar increases in ASCS.

Mr. SHEA. The increases for ASCS are not that large. What we attempted to do is just identify the dollar levels needed to fund the programs at authorized levels.

The SCS programs are more open-ended. They relate to on-going technical assistance on the farm, one-on-one conservation planning that's very difficult to measure, but we have approximately 2½ million customers that we serve day-in, day-out, and that is just our farm-related customers, farmers and ranchers, and those are the folks that are coming to us asking for technical assistance to develop wetland plans, water quality plans, endangered species plans, erosion control plans, and at this point, we're looking to new initiatives such as reaching out to the private sector to see if we can stimulate private sector support to help assist with some of this workload, to complement the state, local and federal dollars that have been allocated.

Mr. DURBIN. It looks like your ASCS recommendations are about $550 million, so we have $600 million in SCS and $500 million in ASCS.

I keep turning pages looking for the cuts that you're proposing to come up with. I can't find it. It may have been left off. I don't know.

Mr. SHEA. Yes, that's a question that we're often asked, Mr. Chairman. Our position is that we recognize that dollars have to come from somewhere. We have not attempted to go through the budget of USDA or any other budget an identify where it should come from. We don't feel qualified to do that, making value judgments.

What we have attempted to do is just lay on a piece of paper our best estimate of actual need in this arena of soil and water conservation. These are large numbers. Our members are extremely conservative and it rattles them when they even come up with these numbers, but I think they serve a useful purpose in documenting and demonstrating the magnitude of the workload that we're into as we launch this new generation of conservation programs.

Mr. DURBIN. Thank you. Mr. Peterson, questions?

Mr. PETERSON. Thank you, Mr. Chairman. No, I think you've covered it. I applaud the effort. This is one of the best layouts of program recommendations I've seen, but again, you are working on the best case scenario, I'm afraid, and we're not.

The reality is that we're going to have to do some reduction process here, and I guess we can take your numbers and run priorities off of those. Would that be an assumption?

Mr. SHEA. We can help you with priorities. These again are a statement of actual need. Our members have said our number one highest priority is technical assistance at the field office level because that's where farmers and ranchers need it the most.

They are coming to us for assistance with developing these plans that are required, and that would go to the SCS Co–1 account, the technical assistance account.

Mr. PETERSON. Okay. Well, we appreciate this and it is very helpful, and I personally thank you and I appreciate your testimony.

Mr. SHEA. I appreciate your time.

Mr. DURBIN. Mr. Wilson, thanks for joining us too.

Mr. WILSON. Thank you.

Mr. DURBIN. I appreciate it.

[The information follows:]

STATEMENT OF
THE NATIONAL ASSOCIATION OF CONSERVATION DISTRICTS
PRESENTED TO THE
HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION AND RELATED AGENCIES

Mr. Chairman, members of the Subcommittee, I am Ernest C. Shea, Executive Vice President of the National Association of Conservation Districts, and I am here today on behalf America's nearly 3,000 conservation districts. Thank you for the invitation to appear before this subcommittee to share our views on the need for strengthening the federal commitment to protecting and wisely managing our natural resources.

The wise use and protection of the nation's natural resources is of paramount concern to this nation and must be reflected in the fundamental mission of the United States Department of Agriculture (USDA). For nearly sixty years, primarily through the Soil Conservation Service (SCS) and the Agricultural Stabilization and Conservation Service (ASCS), USDA has worked in close partnership with state conservation agencies and local conservation districts to provide technical and financial assistance to help farmers, ranchers and other land managers preserve and protect our land and water resources. Today, there are a number of issues affecting of issues and initiatives being debated that could have a significant impact on the health of these crucial and much-needed services.

For the past year, the Administration has been involved in extensive efforts to restructure USDA and streamline the efficiency of many of its programs and agencies. NACD strongly supports efforts to improve the efficiency of the department and enhance delivery of services at the field level. The 1995 budget process is a critical part of the restructuring effort since the administration is seeking to phase out certain programs and initiatives, and decrease spending in a number of

While we laud those efforts aimed at curtailing waste and inefficiency, and phasing out unnecessary programs, we believe the fiscal year 1995 budget proposed by the administration has some very serious flaws—especially concerning the natural resource management programs of SCS and ASCS. Proposed reductions in critical programs signal a move in the wrong direction for funding of our conservation efforts. At a time when the American public is demanding increased environmental accountability—especially from agriculture—these proposed reductions would signal the abandonment of critical conservation tools.

For example, the president's budget would slash funding for the P.L. 566 program and begin a complete phase-out of the program. It also would dramatically reduce funding for the Great Plains Conservation Program—a program only recently expanded by the 1990 Farm Bill. These programs have for many years embodied the concept of ecosystem-based assistance for resource management, a concept that is embraced now as the most effective approach to natural resources conservation. It makes little sense to abandon these cost-effective and "resource-effective" programs when the need for them is greater today than ever.

National Association of Conservation Districts
509 Capitol Court, N.E., Washington, DC 20002
(202) 547-6223 / FAX (202) 547-6450

Rather than narrowing the scope of the department's conservation mission, we believe it should be expanded. Together with its state and local partners, USDA's conservation programs provide a remarkably effective delivery network for reaching down to those individuals who are in the best position to care for our natural resources—the local people who out working on the land. We believe these efforts should be expanded upon, not diminished.

With respect to the funding needs of specific USDA agencies and programs, NACD offers the following recommendations:

Soil Conservation Service

NACD comes before this subcommittee today requesting significantly higher funding levels for a number of SCS programs. We realize that Congress is facing enormous pressure to reduce spending, and our request may seem ill-timed to some. Our proposals, however, are based on the fact that Congress has mandated a tremendous workload to be addressed by SCS and its state and local partners. For our part, conservation districts and state and state conservation agencies have devoted enormous human and monetary resources to help fill these workload needs. Each year, conservation districts and state conservation agencies divert more and more of their resources away from local priorities to help meet unfunded federal mandates. We recognize and accept our responsibilities in these programs and we do not expect the federal government to provide more than its fair share. Our proposals are based on what we believe to be that fair share, as well as the real management needs of our resource base.

Our biggest challenge today remains that of meeting the resource planning and technical assistance needs of farmers, ranchers and other land managers. A number of federal programs require SCS to provide conservation planning and technical assistance for croplands, range and pasture lands, surface-mined land, as well as for urban erosion and sediment control. No other programs, however, have demanded more staff and financial resources than implementation of the 1985 and 1990 Farm Bills.

The conservation compliance provision of the 1985 and 1990 Farm Bills have created a workload that almost no one had imagined. As farmers continue with the implementation of their conservation compliance plans, the workload continues to grow. As a result, we have struggled with severe staff shortages and the inability of SCS to meet all of its obligations under the law and under agreements with conservation districts and other partners.

In addition to the increased demands created by the Farm Bills, SCS and conservation districts have additional responsibilities under Section 6217 of the Coastal Zone Act Reauthorization Amendments of 1990. They also will be heavily involved in implementation of the nonpoint provisions of a reauthorized Clean Water Act and various sections of the Endangered Species Act.

Although we have pointed out these figures before, let me illustrate the magnitude of the workload facing the conservation partnership:

- 60 million acres of conservation compliance plans must be applied, and an additional 80 million acres of maintenance requiring 5,000 staff years per year, over the next five years. Another 500 staff years are needed to conduct status reviews on conservation compliance plans to ensure they are being implemented.
- 300 staff years are needed to service the 90 water quality hydrologic unit area initiatives (HUAs) and demonstration projects in progress; 90 additional HUAs and demonstration projects, requiring another 300 staff years, are

needed to remain on schedule with USDA's water quality initiative.

- Nearly one million acres of wetlands must be restored over the next three years to meet the goals of the Wetland Reserve Program. An additional 1,500 staff years are needed to complete those restorations.

- One million acres of wetland determinations must be made over the next three years. An additional 1,000 staff years are needed to carry out this task. In addition, two million wetland certifications requiring an additional 1,000 staff years are needed.

- 2,000 field staff are needed to carry out planning and application assistance work on cropland contributing to nonpoint source pollution.

NACD urges the subcommittee to re-examine current funding levels for the Soil Conservation Service in light of the workload mandated by federal law, and by its partnership and obligations to state and local conservation district programs. NACD estimates that a total appropriation of $1,507.4 million, including $265 million increase for conservation technical assistance. This would fund an additional 6,000 needed field staff positions to service the workload at the field office level. (We also call on state and local governments to match this contribution.) NACD also requests that $50 million be directly allocated to conservation districts to help offset the costs of implementing purely federal conservation programs and conservation initiatives at the local level. Further, NACD recommends establishing a new line-item in the budget for Stewardship Plans to be funded at $50 million. Under this new line-item funds would be transferred directly from SCS to conservation districts under cooperative agreements to provide complete conservation plans for landowners based on land capability.

For watershed planning and operations, rather than phasing out the program, NACD recommends $20 million for planning and $330 million for operations. This level of funding would provide funds to maintain the current program and service the backlog of approved projects. It also would provide for needed maintenance to existing structures that are in need of repair.

To support new Resource Conservation and Development areas, NACD recommends funding at $50 million. NACD also recommends full funding of the Great Plains Conservation Program at $40 million.

To address the increasing need for conservation assistance for the nation's grazing lands, NACD recommends establishing a new line-item of $20 million within the SCS budget to promote grazing lands conservation. In a similar vein, we recommend a new line-item be established at $30 million to promote urban and community assistance.

Additional recommendations are contained in the attached line-item recommendation chart. Footnotes are provided to explain the need for these appropriations.

Agricultural Stabilization and Conservation Service

Within ASCS there are a number of programs that are vital to the federal conservation effort. NACD recommends the following appropriations levels:

- $2.13 billion for the Conservation Reserve Program to fund 39.6 million acres for FY95 (includes $1.83 billion for existing contracts, $150 million for 1995 contracts, and $150 million for 1995 cost-share payments).

- $135 million for the Wetlands Reserve Program to enroll an additional 150,000 acres in an expanded WRP.

- $275 million for the Agricultural Conservation Program (includes $225 million for ongoing ACP, and $50 million earmarked for the Water Quality Incentives Program).

Extension Service

The Extension Service plays an integral role in the delivery of many of USDA's natural resource management programs. NACD offers the following recommendations on selected line-items for the Extension Service:

- Earmarked Programs
  - $16 million for Water Quality.
  - $4 million for Pesticide Impact Assessments.
  - $10 million direct appropriation for Pesticide Appplicator Training. In the previous years, Extension has received a limited amount of pass-through funding from EPA to support this program.
  - $12 million for Integrated Pest Management.

- $15 million to fund activities under the Renewable Resources Extension Act

Attached to my testimony are line-item recommendations for selected programs within the Department of Agriculture. We appreciate the opportunity to share our recommendations with you.

Attachment 1

FISCAL YEAR 1995

FEDERAL FUNDING RESOLUTION

NATIONAL ASSOCIATION OF CONSERVATION DISTRICTS
48th ANNUAL MEETING
JANUARY 30-FEBRUARY 3, 1994
CIVIC PLAZA SOUTH — PHOENIX, ARIZONA

FISCAL YEAR 1995 FEDERAL FUNDING RESOLUTION
(Council Committee Amended Version)

(in millions of dollars)

	FY '94 NACD RECOMMENDED	FY '94 ADMINISTRATION PROPOSAL	FY '94 ENACTED	FY '95 NACD RECOMMENDED
AGRICULTURE & RELATED AGENCIES				
SOIL CONSERVATION SERVICE				
Conservation Operations				
Conservation Technical Assistance	755.2	(1)	502.4	717.4 (2)
Grants to Districts				50.0 (2)
Soil Surveys	75.0	(1)	73.9	75.0
Snow Surveys & Water Forecasting	6.0	(1)	5.8	6.0
Plant Material Centers	8.5	(1)	8.9	9.0
Grazing Lands Conservation	20.0	(1)	0.0	20.0 (3)
Stewardship Plans	50.0	(1)	0.0	50.0 (4)
Urban and Community Assistance				30.0 (2a)
(Conservation Operations Subtotal)	914.7	(1)	591.0	957.4
River Basin Surveys	30.0	(1)	13.5	35.0
Watershed Planning	15.0	(1)	10.9	20.0 (5)
Watershed Operations	345.0	148.1	242.0	330.0 (6)
Wetland Acquisition	10.0	0.0	0.0	15.0 (7)
Project Rehabilitation	60.0	0.0	0.0	60.0 (8)
Resource Conservation & Development	50.0	5.8	32.9	50.0 (9)
Great Plains Conservation Program	40.0	16.1	25.7	40.0 (10)
TOTAL SCS	1464.7	170.0	916.0	1507.4
AGRICULTURAL STABILIZATION & CONSERVATION SERVICE				
Agricultural Resources Conservation Program (ARC)				
Conservation Reserve Program	2130.0	1755.5	1743.2	2130.0 (11)
Wetlands Reserve Program	290.2	370.3	66.7	135.0 (12)
Agricultural Conservation Program	275.0	148.5	194.6	275.0 (13)
Forestry Incentives Program	25.0	11.4	12.8	25.0
Water Bank	20.0	16.9	8.0	20.0
Colorado River Salinity Control Program	15.0	8.4	13.8	15.0
FUNDS TRANSFERRED TO SCS				
Office of Surface Mining (RAMP)	25.0	13.0	13.0	25.0
AGRICULTURAL RESEARCH SERVICE				
Soil & Water Conservation Research	98.5	83.5	84.1	98.5 (14)
STEEP II Research	0.6	0.7	0.7	1.0 (15)
COOPERATIVE STATE RESEARCH SERVICE				
Hatch Act (grants to states)	175.0	171.3	171.3	175.0
McIntire-Stennis (forestry)	20.0	18.8	20.8	22.0
Rangeland Research	1.0	0.5	0.5	1.0
Sustainable Agriculture Research & Education	15.0	6.8	7.4	15.0
National Research Initiative	200.0	100.2	112.2	200.0 (16)
EXTENSION SERVICE				
General Formula Funds	275.0	266.6	274.6	275.0
Earmarked Programs				
Water Quality	16.0	11.3	11.3	16.0
Pesticide Impact Assessments	4.0	3.4	3.4	4.0
Pesticide Applicator Training	10.0	0.0	0.0	10.0 (17)
Integrated Pest Management	12.0	8.5	8.5	12.0
Renewable Resources Extension Act	15.0	3.8	3.3	15.0

	FY '94 NACD RECOMMENDED	FY '94 ADMINISTRATION PROPOSAL	FY '94 ENACTED	FY '95 NACD RECOMMENDED
FARMERS HOME ADMINISTRATION				
Rural Community Fire Protection	7.0	3.6	3.5	7.0
Soil & Water Loans-Direct	14.0	2.9	2.9	14.0
Soil & Water Loans-Guaranteed	2.0	2.0	2.0	2.0
Watershed Protection & Flood Prevention	8.0	4.1	4.0	8.0
RC&D Loans	1.2	0.6	0.6	1.2
INTERIOR & RELATED AGENCIES				
FOREST SERVICE				
State & Private Forestry				
Forest Health	70.0	52.2	42.5	60.6 (18)
Rural Fire Protection	50.0	4.1	14.1	23.0 (19)
Forest Management & Utilization				
Rural Development	15.0	3.9	4.9	6.0
Timber Bridges	10.0	1.7	1.7	2.5
Forest Stewardship (Technical Assistance)	25.0	24.4	18.3	25.0
Stewardship Incentive Program	100.0	26.0	20.0	50.0
Urban Forestry	30.0	30.0	28.0	30.0
Forest Products Conservation & Recycling	3.0	1.5	1.0	2.0
Resource Management	20.5	8.0	7.0	8.5
Seedlings, Nursery	2.5	2.9	2.4	2.9
Conservation Education	5.5	0.0	0.0	2.5
Special Projects				
Study Commission	0.0	2.5	0.0	2.5 (20)
Center for Semiarid Agroforestry	0.2	0.5	0.2	0.5 (21)
National Forest System				
Soil, Water & Air	80.0	83.8	79.8	85.0
Range Management	60.0	47.7	46.2	60.0
Range Betterment Fund	6.0	4.6	4.6	6.0
Wildlife & Fish Habitat Management	120.0	127.5	127.3	130.0
BUREAU OF LAND MANAGEMENT				
Management of Land & Resources				
Soil, Water & Air	26.0	20.1	20.2	26.0
Range Management	43.0	47.4	47.4	50.0
Wildlife Habitat	38.0	51.6	50.1	52.0
Range Improvements	12.0	10.0	10.0	12.0
U.S. GEOLOGICAL SURVEY				
National Mapping, Geography & Surveys	135.0	138.5	129.0	135.0
Water Resources Investigations	190.5	188.6	187.6	190.5
U.S. FISH & WILDLIFE SERVICE				
National Wildlife Refuge Fund	14.7	14.1	12.0	17.4
North American Wetlands Conservation Fund	15.0	14.0	12.0	15.0
National Fish & Wildlife Foundation	5.0	7.5	7.5	8.0
Trust Species Habitats (Partners for Wildlife)				
Technical Assistance			3.2	9.2 (22)
Habitat Restoration			10.3	20.6 (23)
VA, HUD & INDEPENDENT AGENCIES				
ENVIRONMENTAL PROTECTION AGENCY				
State Programs Grant (Section 106)	140.0	58.9	63.9	140.0 (24)
Clean Lakes Program (Section 314)	15.0	0.0	5.0	15.0
Nonpoint Source Grants (Section 319)	500.0	80.0	80.0	500.0 (25)
Great Lakes Program (Section 118)	21.5	11.9	13.5	21.5
Contaminated Harbor Sediment (Section 115)	15.0	0.0	2.3	15.0
Water Treatment Construction	2500.0	2127.0	2477.0	2500.0 (26)
COMMERCE & RELATED AGENCIES				
NATIONAL OCEANIC & ATMOSPHERIC ADMINISTRATION				
Coastal Zone Mgmt. Grants to States (Sec. 306)	45.0	33.3	35.0	45.0
Protecting Coastal Waters (Sec. 6217)	12.0	1.9	4.0	12.0 (27)

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NACD FISCAL YEAR 1995 FEDERAL FUNDING RESOLUTION — EXPLANATORY NOTES

(1) For FY 1994, the administration originally proposed that these programs be transferred to a new Farm Services Agency. Therefore, no specific funding proposals were offered for these line items.

(2) **CONSERVATION TECHNICAL ASSISTANCE** ($767.4 million total, including $50 million grants to districts. Total based on FY 1994 appropriation ($502.4 million) + inflation factor ($25 million) plus 6000 new staff positions ($240 million) to service field office workload. Of this amount $50 million should be allocated directly to districts to offset costs to implement federal conservation programs and support ongoing conservation initiatives at the local level. NACD's highest funding priority is adequate funding for Conservation Technical Assistance.

(2a) **URBAN AND COMMUNITY ASSISTANCE** ($30 million) - Establishes new line-item for SCS technical assistance for urban and community programs.

(3) **GRAZING LANDS CONSERVATION** ($20 million) — Reflects NACD policy supporting new line item for grazing land technical assistance.

(4) **STEWARDSHIP PLANS** ($50 million) — Establishes new line item to be transferred from SCS to districts under cooperative agreements to provide complete conservation plans for landowners which utilize land and associated resources based on capability.

(5) **WATERSHED PLANNING** ($20 million) — Amount needed to service current applications and contracts for water quality planning work in priority watersheds.

(6) **WATERSHED OPERATIONS** ($330 million) — Amount needed to maintain program, service backlog of projects ready for construction and implement new initiatives. PL-566 projects — $250 million; PL-534 projects — $60 million; Emergency Watershed Protection — $20 million.

(7) **WETLAND ACQUISITION** ($15 million) — Using the authority granted under PL-566, districts will help local sponsors acquire wetland or floodplain easements to retain excessive floodwaters, improve water quality and provide habitat for fish and wildlife.

(8) **PROJECT REHABILITATION** ($60 million) — Additional special funding provided to assist watershed project sponsors with rehabilitation of structural measures that are reaching the end of their design life.

(9) **RC&Ds** ($50 million) — Increased funds to be used to support new RC&D areas and rural development in low income areas.

(10) **GREAT PLAINS** ($40 million) — Amount authorized under the 1990 Farm Bill.

(11) **CRP** ($2.13 billion) — Amount needed to fund a 39.6 million acre reserve in FY 1995.

- Existing contracts	36.6 million acres @ $50/acre	$1.83 billion
- 1995 contracts	3 million acres @ $50/acre	$150 million
- 1995 cost share payments	3 million acres @ $50/acre	$150 million

Approximately $65 million expected in carryover funds.

(12) **WETLANDS RESERVE** ($135 million) — Funding to enroll 150,000 additional acres in an expanded WRP.

(13) **AGRICULTURAL CONSERVATION PROGRAM** ($275.0 million) — $225 million for ongoing ACP + $50 million earmarked for Water Quality Incentives Program.

(14) **SOIL AND WATER CONSERVATION RESEARCH ($98.5 million)** — Increased funds to be used to improve wind and water erosion prediction and control technologies; to improve the conservation and efficient use of water; and to develop environmentally compatible management support systems for rangelands.

(15) **STEEP II** ($1 million) — Research addressing problems associated with the lack of erosion control technology suitable for highly erodible land areas in the Northwest (e.g., the Palouse Region). Program has not previously been a line item appropriation. NACD supports a line item for STEEP II within the ARS appropriation.

(16) **NATIONAL RESEARCH INITIATIVE** ($200 million) — Funding for USDA-sponsored research in the following areas: natural resources and environment, food quality, rural revitalization, and plant and animal systems.

(17) **PESTICIDE APPLICATOR TRAINING** ($10 million) — Direct appropriation to fund Extension's pesticide application training program. In previous years, Extension has received a limited amount of pass-through funds from EPA to support this program.

(18) **FOREST HEALTH** ($60.6 million) — Increased funds are requested to support gypsy moth suppression activities.

(19) **RURAL FIRE PROTECTION** ($23 million) — Increased funds are requested to assist rural volunteer fire companies in fighting wildfire at the urban fringe.

(20) **STUDY COMMISSION** ($2.5 million) — Presidential commission to assess the status of the nation's state and private forest lands.

(21) **CENTER FOR SEMI-ARID AGROFORESTRY** ($500,000) — Center conducts research to improve conservation forestry practices on ongoing farming operations in semi-arid areas.

(22) **TRUST SPECIES HABITATS — TECHNICAL ASSISTANCE** ($9.2 million) — New line item to cover workload increases for: assisting SCS with wetlands delineations under the interagency memorandum signed in January 1994; carrying out the Wetlands Reserve Program; and, as time permits, assisting landowners participating in FmHA's debt-for-nature program.

(23) **TRUST SPECIES HABITATS — HABITAT RESTORATION** ($20.6 million) — New line item for wetlands restoration activities, many of which are carried out in cooperation with districts through the Partners for Wildlife Program. Also includes $1.5 million required by Congress to be spent on the Washington State Ecosystem Project.

(24) **STATE PROGRAMS GRANT, Section 106** ($140 million) — To assist states in developing and carrying out pollution control programs. NACD recommends that $40 million funds be earmarked for nonpoint source management, planning and technical assistance activities.

(25) **CLEAN WATER ACT STATE NONPOINT SOURCE GRANTS, Section 319** ($500 million) — Since the enactment of the 1987 Water Quality Act, approximately $250 million has been appropriated for Section 319 grants to states. NACD recommends that at least $500 million be made available to states through Section 319 to support NPS pollution control programs.

(26) **WATER TREATMENT CONSTRUCTION** ($2.5 billion) — The 1987 Water Quality Act authorized $2.5 billion per year through 1994. $1.82 billion is to be used to capitalize State Revolving Loan Funds (SRFs), and funds may also be used for implementing state nonpoint source pollution management programs.

(27) **PROTECTING COASTAL WATERS, Section 6217** ($12 million) — Funding authorized under the Coastal Zone Act Reauthorization Amendments of 1990 for states to develop and implement coastal nonpoint source pollution management programs.

THE EMERGENCY FOOD ASSISTANCE PROGRAM (TEFAP)

WITNESS

CHRISTINE VLADIMIROFF, SECOND HARVEST

Mr. DURBIN. Sister Vladimiroff, can you believe that you're still here at 7:00 o'clock tonight.

Sister VLADIMIROFF. Can you believe that you are still here, and I'm going to talk about hunger?

Mr. DURBIN. Well, it's appropriate in more ways than one, and we certainly appreciate your patience in waiting.

Sister VLADIMIROFF. I appreciate your having us here, Mr. Chairman, and the committee. You have the written testimony and I ask that to be entered into the record, and in respect for your time, I would like to just highlight rather than read the testimony.

I came here to Washington, and this morning I held a press conference to release the statistics from the Second Harvest first national study in terms of the hungry that we are feeding throughout the country.

Second Harvest is the largest charitable distribution network for donated food to the hungry. We have 185 food banks throughout the country. We have four in Alabama, and we have six in Illinois, and these food banks serve in turn, 42,000 agencies.

Fifty-eight percent of these agencies are emergency food agencies such as soup kitchens, pantries and shelters, and our study revealed today that the network, the Second Harvest network feeds close to 26 million people annually, or ten percent of the U.S. population.

In the 15 years of existence, we have seen hunger grow and far outstrip the capacity of the charitable response. These agencies that have cropped up in all of our communities are small agencies. The average agency exists on $7,000 of income a year, working with five to two staff persons, and dependent on volunteers.

Throughout our agency, we depend greatly on volunteers. There are approximately 40 million volunteer hours given annually, and if we would multiply this by the average U.S. wage of $11.12, we would come up with a donation of time of $433 million in terms of feeding the hungry people throughout the country.

Last year, our food banks distributed over 669 million pounds of donated food from the private sector to our clients. We are very proud of the work that we do.

As well as the private donations, we also, in many states, are the exclusive in some, not in all, but we also handle the government USDA commodities, and last year we distributed over 95 million pounds of TEFAP, 25 million pounds of soup kitchen food bank commodity program food, 58 million pounds of other government food, primarily the commodities supplemental food, and this totaled to about 178 million pounds of USDA commodities in 1993.

The USDA commodities are very important to us because they are an opportunity to enhance the donated food from the private industry so that what we distribute in boxes and bags from emergency food pantries is more balanced. We have no control over the kinds of food that are given to us, or when they will be given to us, or in what quantities they will be given to us.

As such, TEFAP is crucial to us as a reliable supply of a few valued commodities, and as a stabilizer in a massive system of unpredictable food supplies that is typical in the charitable network.

I have surveyed our network and know the disastrous effect of the cuts in TEFAP. As I understand it, the present administration's budget for 1995 went in with zero amount for purchase of commodities for the TEFAP program.

This is a disaster to us in terms of being able to maintain our emergency food box and pantry programs. TEFAP has an additional human benefit. It allows us to give families food to take to their homes and prepare and eat in their homes, as opposed to the soup kitchen environment which is not always the best one for children and their mothers.

And in our national study, 42.9 percent of the clients of emergency feeding programs are children under the age of 17, and the age cohort of 1 to 17 reflects 26 percent of the general population, so poverty is unfair to our kids.

And TEFAP is especially critical in our service to rural areas where there are no soup kitchens. It makes no sense to hungry persons in rural areas that for fiscal year 1994, the allocation for the soup kitchen commodities program was increased, while TEFAP was cut, and that is what we try to deliver out to the rural areas in pantry bags and boxes.

I submit to you that the charitable sector is doing a tremendous job in feeding the hungry, and we're proud of it. We don't want government to do everything, but we would like to equalize the partnership in feeding the hungry in our society.

And so I recommend for your consideration that funds for purchase of commodities for the TEFAP program be restored at least to the fiscal year 1993 level of $220 million, and that we explore, secondly, we explore for the future new and better mechanisms for the use of government commodities.

The agriculture community is into feeding America, and I think we have the wisdom and the technology to get a better marriage of the agricultural community, and those of us who are feeding the hungry, and we can take the time in the 1995 farm bill to explore what that might look like for the future, but right now, the commodities are very important to us, and as the USDA and the food stamp program, the WIC program, the school breakfast and school lunch programs are being developed, we know that 48 percent of our clients receive food stamps, 52 percent do not.

We have some questions that come through in this study about access, eligibility and adequacy of food stamps. While we are going to look at outreach and electronic transfer of benefits, none of that is in place now and it's not the time to cut the commodities program.

So thank you for your time. I would be glad to answer any questions or explore any details of the written report or my remarks or your questions.

Mr. DURBIN. Sister, what percentage of the food distributed by Second Harvest and network member food banks came through the TEFAP program in 1992 or 1993?

Sister VLADIMIROFF. In 1992 and 1993, TEFAP and the other commodities program represented 10 percent of all of our distribution, so we distributed close to 900 million pounds total of all the distribution, and about 92 million was TEFAP.

As I said, as you know, it differs from state to state, so a state like Oregon, it is all distributed through our food bank network. In other states, we don't do it at all, or in other states, we split it.

Mr. DURBIN. Now, historically this program was designed to give away surplus commodities.

Sister VLADIMIROFF. That is correct.

Mr. DURBIN. And we ran out of surplus commodities. We gave away cash instead.

Sister VLADIMIROFF. That is correct.

Mr. DURBIN. And we changed the name of the program.

Sister VLADIMIROFF. Right.

Mr. DURBIN. Temporary emergency which is troublesome because it appears to be a program which had an original purpose which was then—how do I want to say this—restructured, thank you, to continue the aid even after the original reason for it had disappeared.

Sister VLADIMIROFF. Right. The problem when it was created was defined as surplus agricultural products. I want the problem to be redefined as hunger, and using the farm commodity system as a way to address it, rather than simply looking at it from the use of surplus food, very frankly.

Mr. DURBIN. Mr. Peterson.

Mr. PETERSON. I won't add much other than the fact that it is clearly, in this humanitarian business, tough because you will never have enough. You say let's feed 100 percent because it's curable. I am not sure, and even if it is, we can't get to them all which is one of your biggest problems, I suspect.

But I am concerned that we do have a network. You have restructured. You've got a new mission, so to speak. I recall the March of Dimes was for polio, and now isn't it for children's birth defects?

And so if you have a problem, you go solve it, and I think that's what you're doing. I commend you for it, and I appreciate your testimony.

Again, we're in the business of having to make hard decisions, and we're going to have to look with you as we see if we can help in this area.

Sister VLADIMIROFF. Well, as a nation, we were able to solve hunger almost completely in the late 60's, early 70's by policy decisions and by programs that were effective, and so I think we can do that again, and I do respect the fact that not only good decisions have to be made at this time of budget considerations, but wise ones. We can't make those decisions on the people who are hurting most at this time.

It is 31.6 percent of the families we have serve have someone in the household working. The myths and the stereotypes of who goes to a soup kitchen and a pantry really need to be put aside, and the new data needs to be looked at.

For me, success in food banking would be closing our doors because all the people had access to food through the ordinary channels, and could go to the supermarket and buy their food, and take it home and eat it on a kitchen table or the diningroom table without the need of pantries and soup kitchens.

I'm afraid that that kind of structure that had sort of burgeoned forth is really being taken as normative, as part of the American scene, soup kitchens and pantries, and I would like to turn back the clock and not have them there at all.

Mr. PETERSON. Perserverance is well-tested tonight. It's 7:15 and you have probably been here half a day, so we appreciate it very much, you being here.

Sister VLADIMIROFF. I appreciate your attention, thank you so much.

Mr. DURBIN. Thank you so much, Sister.

[The information follows:]

SECOND·HARVEST.
NATIONAL FOOD BANK NETWORK

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES SUBCOMMITTEE ON APPROPRIATIONS

MARCH 8, 1994 STATEMENT

CHRISTINE VLADIMIROFF, OSB

PRESIDENT AND CEO
SECOND HARVEST
NATIONAL NETWORK OF FOOD BANKS

Good afternoon. I am grateful for this opportunity to testify before the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Subcommittee on Appropriations regarding the issue of hunger in this nation, public policy addressing it, and the response of the Second Harvest network to this blight on our nation's well-being.

Today, Second Harvest releases the results of the most comprehensive study ever completed on emergency feeding programs in the United States. The compelling results of the research illustrate that hunger in our land is a serious problem.

I bring before you information and data rich in terms of the scope and depth of its research, but deeply troubling in the content and insights it gives us regarding the hungry persons served through the Second Harvest Network of 185 regional food banks and the 41,587 charitable agencies, like food pantries, soup kitchens, homeless shelters, that are served by those food banks. **THIS NETWORK FED THE STAGGERING NUMBER OF NEARLY TWENTY SIX MILLION HUNGRY PERSONS IN 1993. THAT IS 10.4% OF THE PEOPLE WHO LIVE IN THIS PLENTIFUL LAND.**

Second Harvest National network of food banks, is the largest domestic charitable food distribution mechanism in the United States. We serve the people who do not have access to public programs, or who must use our services to complement the food/nutrition that they receive through federal feeding programs. We see reflected in the work of this network, the shortcomings of the present public policy. We attempt to serve those persons who can not subsist on what is allotted for them through existing feeding programs that are inadequately funded. I submit to you

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that we need to make new commitments to demonstrably effective programs. We need to examine what works well and support it and we need to address what needs to be changed in terms of delivery of service.

Second Harvest National is a clearing house for the allocation and distribution of food from the private industry to 185 food banks through out every region of this county. In 1993, as a network, we distributed over 669 million pounds of private sector, donated food to our clients. I cite that not as praise of our network, but as a way to present to you the dimension of the problem we face each day. The statistics serve as an indicator that reliance by hungry persons on the nonprofit sector for emergency food is growing. The research released today of the emergency programs in our network: show that 71% of those programs were established since 1981 in response to hunger in local communities. This demonstrates clearly that in local communities, neighbors are trying to respond to the needs of their hungry neighbors.

The demographic information provided in the research released today provides new insight into who experiences hunger in America. A significant percentage of those needing assistance are children, with 42.9% of network clients aged 17 and younger. This is well above the 25.9% figure for the 1 -17 age cohort in the general population. Poverty and its resulting hunger seems particularly biased against our children and white Americans comprise the largest group of emergency food recipients in the network.

Many network clients are unemployed professionals. Of 44.1% that are currently unemployed, 31.4% were last employed in skilled positions that include technical, management, professional, clerical, and secretarial. As for education levels, well over half of the network clients have a high school diploma or completed higher education.. This study illustrates not only the extent of the hunger problem in America, but breaks the stereotypical images of the homeless as those who are hungry. This study reveals a whole new realm of hungry people.

Many clients worry about where their next meal will come from or miss meals because they do not have enough to eat. The study reveled that 20% of all network clients worry often or always about the source of their next meal. When asked about skipping meals, 32.4% reported that adults in their households have missed meals in the past month because they did not have enough food to eat nor enough money to buy food.

Most troubling is the finding that significant numbers of persons were turned away by local agencies because they lacked sufficient resources, food and funds, to meet the demand. Our food banks and agencies tell us that demand is up 37% year-to date for 1993 and at the same time, our statistics show food donations up 10% for the same time period.. We are deeply concerned by these statistics and about the people represented by those figures.

It is apparent to us that this nation's domestic feeding programs administered by the USDA fail to of provide the essential food required by the various target populations.

I believe strongly in the appropriate role of the independent, nonprofit sector. I am proud of the work of Second Harvest in trying to respond compassionately, efficiently and effectively to the issue of domestic hunger in thousands of communities, but I also know our limits. In fifteen years of existence we have assisted in the creation and support the infrastructure you see in place through local community support. Through the 41,587 agencies, we are able to stay close to the people we serve. We have become "the safety net to the safety net" government feeding programs that are not adequately funded and, in my opinion, should be adequately funded in the interest of the common good and the well-being of our neighbors.

In addition to food donated from private industry, as a network we also distributed during 1993, 95,326,793 pounds of The Emergency Food Assistance Program (TEFAP); 25,129,232 pounds of Soup Kitchen/Food Bank Commodity Program food; and 58,229,535 pounds of other government food, primarily Commodity Supplemental Food (CSFP). This is a total of 178,685,560 pounds of USDA commodities in 1993.

These USDA commodities are an opportunity for us to enhance and the donated food from private industry so that what we distribute in boxes and bags from emergency food pantries is more balanced. As such, TEFAP is crucial to us as a reliable supply of few valued commodities and as a stabilizer in a massive system of unpredictable food supplies that is typical in the charitable network. I have surveyed our network and know the disastrous effect that cuts in TEFAP, both administrative funds and food purchase funds. will do to the quality of nutrition that we will be able to maintain in many of our emergency food box and pantry programs.

TEFAP has an additional human benefit. It allows us to give families food to take to their homes and prepare and eat in their homes, as opposed to the soup kitchen environment which is not always the best one for children and their mothers. And TEFAP is especially critical in our service to rural areas where there are no soup kitchens. It makes no sense to hungry persons in rural areas that for FY94 the allocation for the Soup Kitchen Commodities Program while was increased while TEFAP was cut. Now, in the administration's budget for FY95, the TEFAP funding was slashed to zero for food acquisition by USDA. In the face of our research findings, to cut any existing feeding program would portend deep problems for the network of emergency food providers.

I SUBMIT TO YOU THAT HUNGER IS 100% CURABLE. We have enough food in this nation, but we have the public support as demonstrated in numerous polls to cure this problem. What we need is the enactment into public policy measures that will improve the availability, the access and quality of food for hungry persons. Good health through adequate nutrition is achievable for all sectors of society. We know what it takes to provide a good diet and this must be made accessible to hungry persons and their children until those individuals have adequate resources to assure food security through their own work.

Your decisions as a subcommittee are of critical mportantance and the decisions you make influence if people will be able to eat. Your decisions can influence the nutritional quality of their meals. You have within your hands the capacity to enhance the efforts of the independent, charitable sector efforts to feed hungry persons. That is a heavy responsibility and a marvelous, life-giving opportunity.

I recommend for your consideration that:

- Funds for purchase of commodities for the TEFAP program be restored at least to the fiscal year, 1993 level of $220 million.

- For the future let us explore new and better mechanisms for the use of government commodities.

Mr. DURBIN. At this point in the record we will insert a statement by the National Watershed Coalition.

[The information follows:]

NATIONAL WATERSHED COALITION

B R. Wilson
Chairman

MEMBERS
Nat'l Assn of Conservation Districts
Assn of State Floodplain Managers
Interstate Council on Water Policy
Nat'l Assn of State Conservation Agencies
Soil & Water Conservation Society
Nat'l Assn of Flood & Stormwater Mgmnt Agencies
Assn of State Dam Safety Officials
Associated General Contractors of America
Land Improvement Contractors of America
Tombigbee River Valley Water Mgmnt District
State Assn of Kansas Watersheds
Oklahoma Conservation Commission
Pennsylvania Division of Conservation Districts
South Carolina Land Resources Conservation Commission
Texas Soil & Water Conservation Board
West Virginia State Soil Conservation Agency
Alabama Assn of Conservation Districts
Kansas Assn of Conservation Districts
Mississippi Assn of Conservation Districts
North Carolina Assn of Soil & Water Conservation Districts
Oklahoma Assn of Conservation Districts
South Carolina Assn of Conservation Districts
Assn of Texas Soil & Water Conservation Districts
Virginia Assn of Soil & Water Conservation Districts
West Virginia Soil & Water Conservation District Supervisors

STATEMENT OF
THE NATIONAL WATERSHED COALITION
PRESENTED TO THE
HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON RURAL DEVELOPMENT, AGRICULTURE AND RELATED AGENCIES
ON
FISCAL YEAR 1995 WATER RESOURCES APPROPRIATIONS FOR USDA SOIL CONSERVATION SERVICE

MARCH 8, 1994
4:00 PM

Mr. Chairman, and members of the committee, I am Billy Wilson, Chairman of the National Watershed Coalition. The Coalition (NWC) is an alliance of national and state organizations and associations who directly represent more than 60,000 constituents nationwide. NWC advocates total resource management using the small watershed concept when dealing with natural resources. Further, NWC supports use of USDA's Watershed Protection and Flood Prevention Program (PL83-566) as one of the best vehicles for planning and implementing water resources protection measures.

On behalf of the twenty-seven member organizations of the NWC, I want to take this opportunity to present our recommendations for FY1995 appropriations for the Small Watershed Program (PL 83-566).

The NWC is deeply concerned that the Administration's budget request indicates a drastic reduction in the FY1995 appropriation for the watershed and water resources activities of the Soil Conservation Service. We feel this could only have occured from the Administration's lack of a full understanding and appreciation for the diverse resource management opportunities available through this program. It is not consistent with the Administration's proposed commitment to conservation and natural resources protection.

While this program has been used primarily for flood prevention in the past, the regulations within this authority have always required installation of watershed protection measures in the uplands. This requirement has caused improved water quality in the many lakes and streams in the small watersheds where treatment has occured over the past 40 years.

In addition, this unique legislation permits the primary emphasis of the program to shift as our nation's priorities change. In the early years, flood prevention in the uplands was of primary concern to our citizens and to their Congressional delegations, so emphasis was in that direction. More recently, however, the use of the program has been directed toward our more immediate concerns of water quality improvement and erosion control. In fact, of the 76 small watershed projects approved since 1989, over 80 percent have been for non-structural measures for watershed protection and water quality improvement. In addition, the continuing need for incerased flood prevention in upstream watersheds was fully evidenced by the floods of the summer of 1994, and PL 83-566 contains the authority to combine use of structural and nonstructural approaches when this alternative offers the most economic and environmentally sound solution.

Therefore, the NWC does not feel this is the time to cut support for this proven program, but rather to incerase it to strengthen America's commitment to preservation of our natural resources. American Citizens are clamoring for more assistance with their water resources concerns and Public Law 83-566 has the broad authority to provide that assistance.

For FY1995 appropriations, the National Watershed Coalition recommends the Congress increase the level of funding for these water resource programs for planning and implementation of important watershed protection, flood prevention, and conservation projects.

PROGRAM	FY1994 CURRENT ESTIMATE	ADMINISTRATION'S FY1995 REQUEST	NWC FY1995 REQUEST
	(Funding in $Millions)		
River Basins	13.482	11.000	35.000
Watershed Planning	10.921	7.400	20.000
Watershed Operations			
PL 78-534	40.786	0.000	60.000
PL 83-566	172.500	25.000	250.000
EWP	53.631	0.000	20.000
Wetland Aquisition	0.000	0.000	15.000
Project Rehabilitation	0.000	0.000	60.000
Total	291.320	43.400	460.000

The funding levels of the past few years have not been sufficient to allow for serving all the requests for assistance from interested groups across the country. More and more local groups are seeing the need to protect and improve their critical water resources, and they are increasing their requests for assistance in addressing this task.

Many watershed protection projects, utilizing both structural and nonstructural protection measures, are proposed that, when implemented, will significantly decrease nonpoint source pollution resulting in improved downstream water quality.

RIVER BASINS - The level for this program should be increased to service the many states that have requested assistance with broad based planning to identify water quality problems and opportunities, prioritize them and identify appropriate implementation program authorities.

WATERSHED PLANNING - SCS has been receiving many requests for watershed planning, expecially with the emphasis now being placed on land treatment projects for non-point source pollution control. Requests for providing assistance to disadvantaged communities has also been a high priority. Local sponsoring organizations are also requesting assistance with planning based on total resource management. (The watershed program, with its interdisciplinary planning techniques, is ideal for this.) Increased funding would enable a more rapid response to satisfy these needs.

WATERSHED OPERATIONS -

PL 78-534 - funds used to implement small watershed projects in the eleven watersheds authorized in 1946 in 15 states.

PL 83-566 - funds used to implement the multipurpose watershed projects planned through the watershed total resource management approach. Projects in all states.

EMERGENCY WATERSHED PROTECTION (EWP) - funds used to relieve imminent hazards to life and property caused by natural disasters, such as fires or floods.

The NWC has reviewed the current status of this program obtaining information from our membership, many local sponsors and USDA Soil Conservation Service. After careful study, we have concluded that much work remains to be done through this program. Four years ago we were looking at an approximate 20 year backlog of planned projects given the level of funding at that time. Since then, we have seen this backlog reduced to about 15 years at the current rate of funding. The NWC applauds the efforts of the members of this subcommittee during the past five years. We urge you to continue this trend of support for this important program to help with water quality improvement and reduced flood damages in our nation's lakes and streams, rural water supply for farms, industry and communities, while at the same time helping to provide jobs to spur the economy.

A significant increase for watershed operations funds is needed to restore the program to the level demanded by the public, including funds for implementing the many new water quality improvement initiatives coming forth. Additional funds are also needed to address the backlog of projects that are awaiting funding. Due to reduced funding over the previous 15 years, there are over 50 small watershed projects that have been reexamined to prove their economic and environmental viability, awaiting approximately $150 million in federal funding for implementation. Projects that were concieved by local sponsoring organizations who are committed to improving their common local problems. They committed their state and local resources to completion of their share of the cost for this work and have obtained all needed land easements. The NWC feels the federal government should continue to honor its commitment to these sponsors to help them complete their projects.

WETLANDS ACQUISITION - the 1990 Farm Bill added an authority in PL 83-566 to assist local sponsoring organizations acquire wetlands or floodplain easements to retain excessive floodwaters, improve water quality and provide habitat for fish and wildlife. However, this authority has never been funded. The NWC has consistently requested additional funds be appropriated at this minimum level so this valuable tool can be utilized to address this critical national environmental concern.

PROJECT REHABILITATION - Our nation's infrastructure is growing older. A significant part of that infrastructure is the flood protection dams and related structural measures installed in our upstream watersheds. Many of these structures can, if properly rehabilitated, continue to provide the benefits that downstream landusers have enjoyed over the years. Special funds need to be provided to assist these local sponsors bring these older structural measures to within today's standards for safety.

WEDNESDAY, MARCH 16, 1994.

FOOD AND DRUG ADMINISTRATION APPROPRIATIONS FOR 1995

WITNESS

CARL D'ORSI, M.D., AMERICAN CANCER SOCIETY

Mr. DURBIN. We would like to start with Dr. Carl D'Orsi of the American Cancer Society.

Thanks for joining us. We have your statement for the record, and you may summarize it if you would like.

Dr. D'ORSI. Good afternoon, my name is Dr. D'Orsi. I'm a professor of radiology at New Mass. Medical Center and I'm pleased to be here on behalf of the American Cancer Society, and to offer you our thoughts on the fiscal year 1995 funding for the U.S. Food and Drug Administration.

My written testimony provides some specific comments on nutrition and tobacco regulation work of the agency, and I commend this to you. We have appreciated the leadership of the Chairman in this area.

This afternoon, however, I would like to focus on another area of particular interest to the American Cancer Society, and that is implementation of the mammography quality standards act of 1992, or MQSA.

Breast cancer control continues to be one of the top national priorities of the American Cancer Society, and the organization has long recognized that the unique value of mammography is directly proportional to the quality of that test.

To that end, the American Cancer Society has at all levels consistently supported all efforts to improve the quality of mammography. The American Cancer Society played a leading role in crafting this legislation and organizing a broad-based coalition to lobby on its behalf.

We believe that MQSA is among the most significant public health laws passed in recent years, and if properly implemented, will assure that women in this country will be able to feel confident that the mammography examinations available to them are of high quality.

We believe the FDA has made good progress towards the implementation of MQSA. The FDA has established an interim certification program that became effective on February 22nd, 1994, and by October 1st, 1994, to operate lawfully, all facilities must be certified by FDA as providing high quality mammography.

In addition, the MQSA advisory committee has been named and has had their first meeting. The advisory committee is charged with assisting FDA in the development and promulgation of the final standards as set forth under the law.

From the perspective of appropriations for FDA to carry out the responsibilities of the act, there are three major components which are being addressed—hiring the staff at FDA and in the field necessary to administer the program, including developing and implementing the training program for state inspectors; purchasing the necessary equipment and developing of the database for information collection and dissemination as required under the law; and contracting with states to carry out the inspections at each facility.

This is a do-able program, however it does require sufficient resources to handle the components that we mentioned above, many of which include significant start-up costs which will decrease over time as the program is fully implemented, and all facilities have been certified.

The center for devices and radiologic health has put together a budget and FTE requirements which attempt to give their best faith estimate of the cost of implementing this program, and based on initial estimates that are close to 14,000 facilities which are currently performing mammography.

The mammography quality standards act of 1992 was enacted in October of 1992, and received $3 million in fiscal year 1993 to begin the work of implementation. With the support of this subcommittee, the FDA received $13 million and 65 FTE's in fiscal year 1994.

Those resources have been put to excellent use. Training has begun for federal and state personnel who will conduct facility inspections. Contract negotiations are in the process with the majority of the states who will conduct the inspections and administer other components of the program at the state level.

The administration's recommended level of $13 million for the FDA targeted for MQSA implementation is inadequate. Even with the authority to collect user fees from facilities to cover inspection costs, we believe that a relatively small investment now will reap significant rewards in terms of lives saved, and reduced suffering, and I am asking that you appropriate $20 million for the FDA in fiscal year 1995 to continue the progress the agency has made in implementing the mammography quality standards act of 1992.

Mr. Chairman, we strongly urge the administration and the Congress to meet the challenge of this program. This partnership and the needs of women and their families for high quality mammography.

Today the early detection of breast cancer is our single strongest tool to save women's lives from this disease. We have an obligation to meet that challenge by providing women with access to the highest quality, early detection tests that are achievable.

Full support of MQSA is part of that obligation. Women deserve nothing less than our highest commitment to their breast cancer needs, and our very best efforts. They and their families are the ultimate beneficiaries of this program.

Thank you for your attention.

Mr. DURBIN. Thank you, Dr. D'Orsi. I appreciate your joining us today and presenting this testimony. Am I correct in my belief that the number one cancer cause of death is lung cancer?

Dr. D'ORSI. It's pretty even now between breast and lung.

Mr. DURBIN. I see. We, of course, have tried our best to be vigilant on this whole question of mammography screening. I would say that there is one sentence in your statement which I am not sure what it means. It is on the bottom of page three where it talks about an across-the-board cut at the agency, reducing the FTE levels significantly.

I think there was a proposal for that to occur. I don't believe it occurred.

Dr. D'ORSI. Uh-huh.

Mr. DURBIN. We have tried to not only maintain but enhance the resources of this agency because Congress has given them some very critical missions including the one you've described.

My colleague, Mr. Myers, this morning was talking about that problem we have as we try to reduce overall numbers of federal employees, and look at an agency like FDA and say that they need more people.

Dr. D'ORSI. Right.

Mr. DURBIN. And virtually everyone would agree with that. Part of the solution to the mammography inspection depends on the passage of user fee legislation which is outside of our jurisdiction, and I hope we can coordinate that with the Energy and Commerce Committee.

Mr. Skeen?

Mr. SKEEN. Thank you, Mr. Chairman, and Doctor, welcome. I have no questions. I think I will be happy to read this dissertation.

Dr. D'ORSI. Thank you.

Mr. DURBIN. Mr. Myers.

Mr. MYERS. Thank you, Mr. Chairman. The thing, Doctor, that troubles me with what the FDA is required to do now is to certify 14,000 facilities, give or take a few—by October 1 of this year. When the people aren't on-board now, how in the world can they do it by October 1?

Dr. D'ORSI. That's a good question.

Mr. MYERS. And do a good job.

Dr. D'ORSI. Right. That's a good question. I think what they're going to have to do is rely on some of the voluntary accreditation that has already taken place through the ACR, and then catch up and certify—in other words, perhaps use the ACR accreditation initially until they can come up to speed and do that on their own.

But it is a very, it's a huge task, but it is very important.

Mr. MYERS. Do we have any information on how many of the 14,000 are already accredited with ACR?

Dr. D'ORSI. Approximately, I would imagine approximately 65 to 75 percent are voluntarily accredited now through the ACR, and that's continuing to go up as we speak, actually.

Mr. MYERS. On several occasions, you've used the word state assisting in the certification. Some states may be doing it now, but I'm worried about letting states do it when they don't have the capable people to do it.

Dr. D'ORSI. I agree with you.

Mr. MYERS. I very much agree with your thrust here. We've got to do this, and of course, some of us have been pushing this very strongly over the last two years.

Dr. D'ORSI. Yes. I thank you so much for your support.

Mr. MYERS. Thank you for your testimony.

Dr. D'ORSI. You're welcome.

[The information follows:]

AMERICAN
CANCER
SOCIETY

TESTIMONY OF

CARL D'ORSI, MD

ON BEHALF OF THE
AMERICAN CANCER SOCIETY

BEFORE THE HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT,
FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES

MARCH 16, 1994

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Good afternoon. I am Carl D'Orsi, MD, FACR, Professor and Vice Chairman, Department of Radiology and Director of Diagnostic Radiology at the University of Massachusetts Medical Center.

I am pleased to be here on behalf of the American Cancer Society (ACS), the nation's largest voluntary health organization dedicated to the elimination of cancer. With over 2.2 million volunteers nationwide, the American Cancer Society serves people in every community through its public and professional cancer education and patient service and rehabilitation programs. The American Cancer Society is also the largest source of private cancer research funds in America, second only to the National Cancer Institute. In 1994, we will spend close to $100 million on cancer research nationally.

Thank you, Mr. Chairman, for providing us with the opportunity to address this committee and offer our thoughts on the fiscal year 1995 funding request for the U.S. Food and Drug Administration (FDA). The American Cancer Society is interested in many issues which are under the jurisdiction of the FDA as the federal agency with oversight over safety of foods, drugs, and medical devices.

The American Cancer Society applauds the work of the Food and Drug Administration in preparing and disseminating the new nutrition labels for food, which will be fully implemented this year. The new labels will facilitate consumer efforts toward disease prevention and health promotion through diet control. The Society plans to work with the Office of Consumer Affairs when possible to provide consumers with the information they need to learn how to use the labels in making healthy dietary choices to reduce their risk of cancer. The American Cancer Society also commends the Department of Agriculture's (USDA) Food Safety and Inspection Service for its role in coordinating labeling of meat and poultry products. USDA's Office of the Assistant Secretary for Food and Consumer Services has shown great initiative in its emphasis on ensuring healthy, high quality foods for children enrolled in federally-funded child nutrition programs. The integration of these programs with federal nutrition guidelines promotes a primary disease prevention agenda by helping to assure that school food service programs will provide healthy diets consistent with school nutrition education within the context of comprehensive school health programs.

In addition to diet and nutrition issues, the American Cancer Society, united with the American Heart Association and the American Lung Association as the Coalition on Smoking OR Health, sees an even greater role for cooperation with FDA on the regulation of tobacco products. On February 24, the Coalition on Smoking OR Health received a letter from Commissioner Kessler addressing issues of tobacco regulation. The letter was written in response to petitions filed by the Coalition seeking to classify low tar and low nicotine cigarettes as drugs under the Food, Drug, and Cosmetic Act, and to document information about tobacco industry manipulation of nicotine which was to be presented in a news magazine story on ABC television. The letter indicates that there may be sufficient evidence to bring all tobacco products under FDA jurisdiction because the tobacco industry has in fact violated the law and are selling products designed to both "mitigate and prevent disease" and designed to "affect function and structure of the body." We believe, as does the Chairman of this Subcommittee, that the time is long past due for the proper regulation of a product which is the single most preventable cause of death. We support the Chairman's efforts to give the FDA the specific statutory authority it needs to regulate the manufacture, distribution, labeling, advertising and promotion of tobacco products. We also support a provision in H.R. 2147 to undertake its regulatory responsibilities over tobacco by levying a user fee on the tobacco industry.

Mr. Chairman, I would like to turn now to one of the FDA's most important new programs, the implementation of the Mammography Quality Standards Act (MQSA) of 1992. Breast cancer control continues to be one of the top national priorities of the American Cancer Society, and the organization has long recognized that the unique value of mammography is directly proportional to the quality of the test. To that end, the American Cancer Society has, at all levels, consistently supported efforts to improve the quality of mammography. These have included grants to the American College of Radiology (ACR) for the development of their Mammography Accreditation Program, quality assurance manuals for physicians, technologists and physicists, home study courses for physicians, educational materials for the public that explain the importance of mammography quality assurance, and the maintenance of a current list of ACR accredited facilities in the U.S. so that women who inquire can be directed to a facility with this credential. At the community level, many of the American Cancer Society Division and Unit offices have required evidence that a facility has met the ACR standards of quality as a criteria for participation in ACS low-cost breast cancer screening programs. The American Cancer Society Divisions have also campaigned hard for state-level legislation designed to provide women with the assurance that their mammography examinations achieve high quality.

Finally, with respect to the Mammography Quality Standards Act of 1992, the American Cancer Society played a leading role in crafting this legislation and organizing a broad-based coalition to lobby on its behalf. We believe that MQSA is among the most significant public health law passed in recent years, and if properly implemented, will assure that women in this country will be able to feel confident that the mammography examinations available to them are of high quality. It means that all mammography facilities will be able to work to achieve a common high standard of quality assurance rather than being required to comply with multiple regulatory programs representing state radiation control offices, the Centers for Disease Control, and the Health Care Financing Administration. It also means that facilitates that have not been persuaded of the value of participating in quality assurance programs, or those whose participation is based on the acquisition of a credential rather than the pursuit of high quality, will be required to achieve high standards or refrain from providing mammography services. The passage of this landmark legislation was an important contribution to the health of women, and those in the Congress and the previous administration that supported this legislation are to be commended. As Dr. Kessler remarked last December when he addressed an audience of over 3,000 health care providers at the annual meeting of the Radiological Society of North America, "The toll of breast cancer is a call to action for all of us."

We believe the FDA has made good progress towards the implementation of MQSA. The FDA has established an interim certification program that became effective on February 22, 1994, and by October 1, 1994, to operate lawfully, all facilities must be certified by FDA as providing high quality mammography. In addition, the MQSA Advisory Committee has been named and has had their first meeting. The Advisory Committee is charged with assisting FDA in the development and promulgation of the final standards as set forth under the law.

From the perspective of appropriations for FDA to carry out the responsibilities of the Act, there are 3 major components which are being addressed: hiring the staff at FDA and in the field necessary to administer the program, including developing and implementing the training program for state inspectors; purchasing the necessary equipment and development of the data base to capture the information collection required under the law; and contracting with States to carry out the inspections of each facility.

This is a doable program. However, it does require sufficient resources to handle the components above, many of which include significant start-up costs which will decrease over time as the program is fully implemented and all facilities have been certified. The Center for Devices and Radiological Health (CDRH) has put together an estimated budget and FTE requirements which attempts to give their best faith estimate of the costs of implementing this program. It is similar to a budget the American Cancer Society estimated with Congressional staff when we were working on passage of the law,and takes into account the infrastructure, equipment, data collection, and training requirements that will allow us to successfully implement MQSA.

The Mammography Quality Standards Act of 1992 was enacted in October 1992 and received $3 million in FY 1993 to begin the work of implementation. With the support of this Subcommittee, the FDA received $13 million and 65 FTE in fiscal year 1994. An across the board cut at the agency later reduced the FTE levels significantly.

Those resources have been put to excellent use. The agency has moved forward in implementing this program. Training has begun for federal and state personnel who will conduct facility inspections. Contract negotiations are in the process with the majority of the states who will conduct the inspections and administer other components of the program at the state level. FDA's initial surveys of the American College of Radiology, the Health Care Financing Administration, the Centers for Disease Control and Prevention, and state agencies indicates that there may be as many as 14,000 facilities who are currently performing mammography. While cross-checking may show some duplication in lists that was not immediately apparent, this does represent a significant increase in the numbers of facilities which may currently be operational and which may not be in compliance with quality standards that have been identified.

The Administration's recommended level of $13 million for the FDA targeted for MQSA implementation does not take into account the increased resources necessary to move from the start up costs to full implementation of the law. Early estimates indicate that FDA may be as much as $6-9 million short in funding and short 20-30 FTE in this coming fiscal year. The President's budget authorizes, in addition to the $13 million, collection of user fees from inspection of facilities which could supplement the work of the FDA. We do not believe that this will provide the FDA with the resources they need now to get the job done.

Mr. Chairman and Members of this Subcommittee, the American Cancer Society has spoken with staff professionals at the FDA and in the States, and brings its own experience in this area to the table. We believe that a relatively small investment now will reap significant rewards in terms of lives saved and reduced suffering. We officially ask you to appropriate $20 million for the FDA in fiscal year 1995 to continue the progress the agency has made in implementing the Mammography Quality Standards Act of 1992.

The American Cancer Society has observed in previous testimony that a program such as has been established under the Mammography Quality Assurance Standards Act represents a model of partnership of public and private oversight of a medical procedure, with direct expert and consumer involvement in the implementation of the program. However, this potential carries the heavy burden that failure to live up to these high expectations will confirm the fears of those who are cynical about the potential for cooperative programs, let alone any government program. That cynicism will be well founded if the program can not achieve its objectives due to inadequate federal and state commitment.

Mr. Chairman, we strongly urge the Administration and the Congress to meet the challenge of this program, this partnership, and the needs of women and their families for high quality mammography. Today, the early detection of breast cancer is our single strongest tool to save women's lives from this disease. We have an obligation to meet that challenge, as Dr. Kessler has said, this "call to action," by providing women with access to the highest quality early detection tests that are achievable. Full support of MQSA is part of that obligation. Women deserve nothing less than our highest commitment to their breast cancer needs, and our very best efforts. They, and their families, are the ultimate beneficiaries of this program.

NATIONAL RESEARCH INITIATIVE

WITNESS

GEORGE ABRAHAM, M.D., THE AMERICAN ASSOCIATION OF IMMUNOLOGISTS

Mr. SKEEN. Dr. George Abraham, American Association of Immunologists.

Welcome, Doctor.

Dr. ABRAHAM. Thank you, Mr. Chairman. Mr. Chairman and distinguished members of the subcommittee, I'm Dr. George Abraham, professor of medicine and microbiology at the University of Rochester Medical Center in Rochester, New York.

And today I'm addressing you as a member of the committee on public affairs of the American Association of Immunologists, and as the representative of its nearly 6,000 members.

Our members are scientists who study the human immune system, the immune dysfunctions and function and diseases of immunity, and many of us are in the front lines of the scientific effort to find cures and therapies for many diseases which range from AIDS and TB up to cancers.

The American Association of Immunologists appreciates the opportunity to testify before your subcommittee concerning the fiscal 1995 appropriations for the competitive grants program of the USDA's national research initiative.

The AAI members feel that the scientific community must effectively communicate the importance of peer review of competitively awarded scientific research. We face an opportunity to re-order our national priorities in the spending of nearly $73 billion a year in taxpayer dollars which have been designated for research.

We are convinced that the best return for that investment occurs when the science proposed is rigorously questioned, criticized and reviewed by scientists, and that only the best scientific proposals and creative ideas are funded.

Our future competitiveness in the global economy and indeed, our assurance that the best intellects in our society are engaged in research that will produce the greatest long-term good, depends upon the peer review of science such as that funded by the NRI.

Although none of our members will directly benefit or suffer from any decision that your subcommittee or Congress will make concerning the research funded by the cooperative state research service, we feel it vitally important to express our concerns about adequate funding for NRI.

The quality of the peer-review conducted for NRI research is second to none. It certainly rivals that of the National Institutes of Health with which I am most familiar, and from which I receive my funding.

In fiscal year 1993, 28 peer-reviewed panels critiqued and ranked nearly 2,900 proposals that were submitted to the NRI for funding. Panel members and additional ad hoc reviewers were selected from around the country for their expertise, achievement, and scientific standing in relevant disciplines to rank these grants.

Over 13,000 scientists contributed to the review process. Unfortunately, much of the research that NRI's peer-review process deems worthy of support does not receive funding.

In fiscal years 1992 and 1993, NRI was appropriated $97½ million despite being authorized in those years at $275 million and $350 million in the 1990 farm bill respectively. For both of these years, this translates into a success rate of funded grants, or ratios of grants funded to proposals received, of approximately 27 percent.

This means that only about one in four research proposals submitted to NRI receives funding.

It is an incalculable loss to our society when the NRI peer-reviewed system ranks the best science, but the agency is forced to fund less than half of the science that is truly deserving.

Simply put, the NRI initiative deserves strong support. Although not every research proposal is worthy of funding, people familiar with the quality of science and the peer-review submitted to NRI estimate that possibly at least 60 percent might merit support.

Based on our membership's long experience with the peer-review conducted at NIH and other competitively awarded science funding organizations, we believe that NRI's success rate could be raised to 40 percent with no drop-off whatsoever in the quality of the science that you're funding.

In the text we submitted to your subcommittee, we have prepared a simplified budget mechanism table that defines the costs that would be associated with raising NRI's success rate from the 27 percent rate of fiscal 1993, to 47 percent in fiscal 1995.

Our projection indicates that the fiscal 1994 adjusted appropriation of $105 million should result in a success rate of 29 percent. Interestingly, if the subcommittee adopts the Clinton administration's request of $130 million for fiscal 1995, an increase of just under $25 million, NRI's success rate would rise to 36 percent.

A.A.I.'s recommended success rate of 40 percent would require an investment of $142.7 million for an increase of $37½ million over this year.

Largely through your efforts, NRI was appropriated an increase to $112 million in fiscal 1994. That amount was reduced to $105 million, a decrease of about $6.7 million due to budget cuts for additional spending needed for Los Angeles earthquake relief.

As noted, the Clinton administration has recommended an increase to $130 million for NRI in fiscal 1995.

In conclusion, your chairmanship of the agriculture subcommittee has been characterized by a refreshing openness, and your own willingness to ask tough questions about the quality of the research performed by the CSRS and the agricultural research service.

We are grateful for the opportunity to tell you that we think very highly of NRI's top quality research and believe that you do as well. We hope to work with you to nurture the peer-reviewed competitively funded research that will assure U.S. agriculture and our biotechnology industry the high quality science needed to compete in today's global economy.

Our ability to compete in the future depends upon the competitiveness of the science today.

Thank you, sir.

Mr. DURBIN. Thank you, Dr. Abraham. I share your view about the importance of research, and I think that unfortunately, we have cut back in critical areas of research at the expense of our own well-being.

Dr. ABRAHAM. Yes.

Mr. DURBIN. The difficulty with research, obviously, is cost/benefit ratio, and it is the nature of research where you can't give me any certainty that that research will result in something of positive value in the near-term. Yet I think we all understand that if we don't keep asking the questions and probing forward, we're literally never going to see progress.

We cannot hit the funding levels you've talked about in the testimony, but I think it was primarily for illustration.

Dr. ABRAHAM. Yes.

Mr. DURBIN. We will do our best with the tough job we have and the discipline we face here to try to make the NRI funding as good as possible.

Dr. ABRAHAM. Thank you, Mr. Chairman.

Mr. DURBIN. Mr. Skeen, Mr. Myers.

Mr. SKEEN. Thank you, Mr. Chairman. Doctor, one question I'd like to ask you. There's been a lot of news lately about the genetic predisposition toward diseases. Has NRI been involved in any of that type of work?

Dr. ABRAHAM. There are certain things which are mentioned in your annual reports concerning genetic pre-dispositions. One of the highlights in the annual report is the work that you're doing on bovine lukemia virus. It is possible with genetic manipulations nowadays, and the new molecular biologic test, to actually define within cattle, for example, animals that would be at risk for developing bovince leukemia virus, and to actually identify and isolate those animals from herds of other animals to prevent infection.

And it turns out that there are various types of states of these animals. Some can carry virus and not manifest disease. Others can transmit it to others that would be susceptible, and it is possible to define these animals.

That's just one example, and that of course, is something that would be very important, and is work that is currently being funded under the NRI's research.

Mr. SKEEN. Well, as it applies to human beings, I think that there is some reason to believe that it would also be able to be developed for human diagnosis.

Dr. ABRAHAM. Oh sure, sure. There are certainly many instances——

Mr. SKEEN. Which I think can be seen as a great breakthrough.

Dr. ABRAHAM. There is much of this going on.

Mr. SKEEN. I'm really amazed and mesmerized by the wonder of it. Thank you very much.

Dr. ABRAHAM. You're very welcome.

Mr. SKEEN. Thank you.

Mr. DURBIN. Mr. Myers?

Mr. MYERS. They have found in cancer research, that there are certain mutations on certain genes or certain characterisitics that genes carry that those people are highly susceptible to cancer, even though we don't know why, we don't know how to stop it, but we do know that at least it is warning.

Dr. ABRAHAM. That's absolutely true, the most recent finding being in colonic cancer.

Mr. MYERS. That's right.

Dr. ABRAHAM. And the ability to detect the mutation in one of the genes, and that does define a population at risk for developing it.

Mr. MYERS. The genome studies are making a lot of breakthroughs too.

Dr. ABRAHAM. Right.

Mr. MYERS. Thanks.

Dr. ABRAHAM. Thank you.

Mr. DURBIN. Thank you, Dr. Abraham. We appreciate you coming.

[The information follows:]

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TESTIMONY BY
George Abraham, M.D.
Member, Committee on Public Affairs
of the
American Association of Immunologists (AAI)
Before the
House Agriculture Appropriations Subcommittee
March 16, 1994
4 p.m.

Mr. Chairman, distinguished members of the Subcommittee, I am George Abraham, M.D., Professor of Medicine and Microbiology at the University of Rochester Medical Center's Clinical Immunology Unit. Today I address you as a member of the Committee on Public Affairs of the American Association of Immunologists and as a representative of nearly 6,000 AAI members. Our members are scientists who study the human immune system, its dysfunctions and diseases, and many of us are in the front lines of the scientific effort to find cures and therapies for diseases ranging from AIDS to tuberculosis. AAI appreciates the opportunity to testify before your Subcommittee concerning the fiscal 1995 appropriation for the U.S. Department of Agriculture's National Research Initiative Competitive Grants Program.

Mr. Chairman you may well be wondering why the AAI wants to address your subcommittee on the National Research Initiative (NRI). It is because our members have determined that the scientific community must effectively communicate to Congress, the executive branch and the lay public the importance of peer-reviewed and competitively-awarded scientific research. With the end of the Cold War, our nation faces an historic opportunity to reorder its priorities in the spending of nearly $73 billion a year in taxpayer dollars on research. We at the AAI are convinced that the best return for that investment comes when the science proposed is rigorously questioned, criticized and reviewed by scientists, and that only the best scientific proposals are funded. Our future competitiveness in the global economy, and indeed, our assurance that the best intellects in our society are engaged in work that will produce the greatest long-term good, depends upon peer-reviewed and competitively-awarded science such as that funded by the NRI.

Although no AAI member stands to benefit or suffer from any decision that your Subcommittee and Congress makes about the research funded by the Cooperative State Research Service (CSRS), we feel it vitally important to express our concern about adequate funding for the NRI.

NRI Research is of the Highest Quality and Makes a Difference

Mr. Chairman, the science funded by NRI produces discoveries that impact our nation's ability to produce adequate food and fiber, not just for ourselves, but for the world.

For example, NRI is currently supporting research that will identify the gene which makes cattle susceptible to bovine leukemia virus. Interestingly, the gene which confers resistance to this infection is dominant, and using molecular techniques, it is possible to therefore isolate vulnerable animals from a herd. A test to screen cattle is being developed from this NRI-supported research.

On another front, the United States has experienced several outbreaks of food poisoning in the past two years, and NRI is supporting research to ensure the safety of our food supply. Nisin, a protein that is produced by bacteria during fermentation, has long been used by the food and dairy industries as a preservative. NRI-supported researchers are studying nisin to determine how it prevents the growth of pathogens such as *Listeria monocytogenes*, which causes listerosis and *Clostridium botulinum*, which leads to botulism. This investigation could well lead to methods that will make our food supply safer for all Americans.

These are but two examples of current NRI-supported research, research that we can be assured is of the highest quality because it is peer-reviewed.

Peer Review as the Key to NRI's Success

The quality of the peer-review conducted for NRI research is second-to-none in the federal government, and it certainly rivals that of the National Institutes of Health (NIH), with which I am most familiar. In Fiscal Year 1993, twenty-eight peer-review panels critiqued and ranked the 2,893 proposals submitted to the NRI for funding. Panel members were selected from around the country for their expertise in the relevant scientific disciplines, their educational achievement and background, and their standing in the community as professional scientists.

In addition to the expertise of the peer-review panels, written reviews were solicited on an *ad hoc* basis from scientists and other experts in a wide variety of fields. These extra *ad hoc* reviews ensured that only the highest quality, most meritorious scientific proposals were recommended for funding. When all was said and done, over 13,000 scientists contributed to this process, and I dare say that we might all feel a lot more confident in how our tax dollars are spent if more of the federal budget was subjected to such rigorous review.

NRI Does Not Receive Adequate Funding to Support All Meritorious Research

Unfortunately, much of the research that NRI's peer-review process deems worthy of support does not get it. In Fiscal Years 1992 and 1993, NRI was appropriated $97.5 million, despite being authorized at $275 million and $350 million in the 1990 Farm Bill, respectively. For both years this translates into a success rate, or ratio of grants funded to proposals received, of 27%, which means that fewer than one in three research proposals submitted to NRI received funding.

It is an incalculable loss to our society when the NRI peer-review system ranks the best science but the agency is forced to fund less than half of the science that is truly deserving. Simply put, Mr. Chairman, the National Research Initiative deserves stronger support from the Congress and this Subcommittee.

AAI' s Recommendation for Fiscal Year 1995 NRI Funding

Although not every research proposal is worthy of funding, people familiar with the quality of the science and the peer-review submitted to NRI estimate that at least 60% and perhaps as much of 80% of the research proposed to NRI merits support. Based upon our membership's long experience with the peer-review conducted at NIH and other competitively-awarded science funding organizations, we at AAI estimate that NRI's success rate could be raised to 40% with no drop-off in the quality of the science funded.

We have prepared a simplified budget mechanism table that lays out the costs associated with raising the NRI's success rate from the 27% rate of Fiscal Year 1993 to 40% in Fiscal Year 1995. In our table, we take figures from Fiscal Year 1993, the last year for which we have data, and project that the same number of proposals will be submitted to NRI (2,893) and that the average cost per grant will remain the same ($123,417). Note that between Fiscal Years 1992 and 1993, both the number of proposals received and the average grant awarded declined slightly.

AAI Budgetary Estimate, NRI Success Rate of 40% for Fiscal Year 1995

	FY 92 Actual	FY 93 Actual	FY 94 Estimate	FY 95 Admin. Request Estimate	FY 95 AAI 40% Suc.Rate Estimate
Approp.	$97.5 million	$97.5 million	$105.4 million	$130 million	$142.7 million
Av. Grant Amount	$125,482	$123,417	$123,417	$123,417	$123,417
Proposals Received	2,911	2,893	2,893	2,893	2,893
Grants Funded	777	790	854	1,053	1,157
Success Rate	27%	27%	29%	36%	40%

Our projection indicates that the Fiscal Year 1994 adjusted appropriation of $105.4 million should result in a success rate of 29%. Interestingly, if the Subcommittee adopts the Clinton Administration request of $130 million for Fiscal Year 1995, an increase of just under $25 million, NRI's success rate would rise to 36%. AAI's recommended success rate of 40% for Fiscal Year 1995 would require an investment of $142.7 million, an increase of $37.3 million over this year.

This Subcommittee and the Clinton Administration Support Higher NRI Funding

Not all of the budgetary news for NRI has been bad. Largely through your efforts, Mr. Chairman, NRI was appropriated an increase to $112 million in Fiscal Year 1994. Unfortunately that amount was reduced to $105 million as Congress and the Administration sought offsetting budget cuts for the additional spending made necessary by the Los Angeles earthquake. As has been noted, the Clinton Administration has recommended an increase to $130 million for NRI in Fiscal Year 1995.

AAI is also mindful of the budget caps under which this Subcommittee must do its work. We hope you will share our conclusion that as a society, as a nation, we must continue to invest in those activities that will provide returns in the future.

Conclusion

In conclusion, your chairmanship of the Agriculture Subcommittee has been characterized by a refreshing openness and your own willingness to ask tough questions about the quality of the research performed by CSRS and the Agriculture Research Service. We are grateful for the opportunity to tell you that we think highly of NRI's top-quality research, and believe that you do as well.

We hope to work with you to nurture the peer-reviewed, competitively-funded research that will assure U.S. agriculture and our biotechnology industry the high-quality science needed to compete in today's global economy. At a time when our society is redoubling its efforts to remain internationally competitive, I assure you that this Subcommittee can make no better investment than a 40% success rate for scientific proposals submitted to NRI. Our ability to compete in the future depends upon competitive science today.

FOOD AND DRUG ADMINISTRATION APPROPRIATIONS FOR 1995

WITNESS

ABBEY S. MEYERS, PRESIDENT, NATIONAL ORGANIZATION FOR RARE DISORDERS, INC.

Mr. DURBIN. Abbey Meyers with the National Organization for Rare Disorders. She's back again this year, ladies and gentlemen, and we're always glad to have her here. She's our guest from Connecticut.

I'm sorry Rosa DeLauro isn't here to greet you, but she——

Ms. MEYERS. Yes, but I'm very glad that she will be on TV tonight to——

Mr. DURBIN. She's getting ready for the big debate.

Ms. MEYERS. Yes.

Mr. DURBIN. Putting on her——

Ms. MEYERS. And we are one hundred percent behind her. She will be in the debate tonight on health care.

Mr. DURBIN. We have your statement for the record.

Ms. MEYERS. Yes. Mr. Chairman, I wanted to talk to you about a number of things relevant to the FDA, and of course, to speak to you also about the dietary supplement problem.

First of all, we are very grateful for what you did last year in giving a substantial increase to the orphan drug research program. We're extremely grateful. It will take a few years for us to tell you exactly how many lives you've saved, but it has indeed saved many, many children from certain death.

What we are asking for this year is, since this program was started in 1982 when the first appropriation was made, our goal has always been to reach a measely $15 million directly for grants.

Last year the appropriation of $15 million meant that $3 million goes directly to the FDA for its programs, and that $12 million was left for research, so it would be wonderful if we could finally get $15 million for research.

On the question of gene therapy, and I think that this is a very critical issue, the FDA has to approve all of the gene therapy experiments that are going on in the United States.

Right now there really aren't that many that are underway, but the problem is we are losing track of the patients who were undergoing gene therapy, and if something happens in the future, say a child treated with gene therapy today is an adult ten years from now and has a baby with a birth defect, then there's going to be a public outcry that gene therapy was contaminating the environment, or some other thing.

So there is a really urgent need to create a gene therapy registry at the FDA which can track these patients from year to year, to ask the patients to contact their doctor and keep up their whereabouts if they move from state to state, because we really won't know what the long-term effects of gene therapy are unless we monitor these patients.

And only a half a million dollars is needed to start that registry.

Now, the other question is the FDA user fees. There is very clear language, and I put some in my written testimony, on what Congress' intent was when they passed the user fee language to exempt orphan drugs from user fees.

However, the FDA is not interpreting that, even though there is language in the House and the Senate saying that these drugs should be exempted, and this is a significant disincentive to manufacturers of orphan drugs because it can cost several hundred thousand dollars a year in user fees to the FDA for drugs that have little commercial value.

Some of these drugs sell less than $1 or $2 million a year. If they have to spend $300,000 a year in user fees, you can imagine how that really is a problem, so we would like the FDA to be directed to issue regulations on orphan drug user fees, giving the circumstances under which those fees would be waived.

And I want to say at the same time, we would support any effort for you to impose user fees on other parts of the market like generic drugs and cosmetics and anything else. I think it's a good way to go for the FDA to keep up with its growing needs.

And then finally, Mr. Chairman, I wanted to say that after I appeared here last year, and you were so kind to agree to hold a hearing on the dietary supplement issue, to get all the issues out on the table, and even though there's been no solution to the problem, and I know that many on the committee are most concerned with the labeling on false medical claims—that's not our concern.

Our concern is that there are safe products on the market with the contents unadulterated, and have these pills and tablets dissolve in the stomach so that a person can get the amount that they are supposed to.

The U.S. Pharmacopoeia issued regulations late last year that finally provide standards for the manufacture of dietary supplements, and it is time for that industry to conform to those standards. There were no standards before. There are standards now. There really ought to be a law that requires them to manufacture supplements so that they are bioequivalent, and they are pure, and they're potent.

We would hope that you would be able to do that this year in your discussions about this problem.

Thank you, sir.

Mr. DURBIN. Excellent suggestions. I'm going to try to follow through on all of them.

Mr. Skeen?

Mr. SKEEN. No questions.

Mr. DURBIN. Mr. Myers?

Mr. MYERS. No questions.

Mr. DURBIN. Come back and see us and we'll keep in touch with you particularly on—well, on all of these.

Ms. MEYERS. Well, thank you.

Mr. DURBIN. You are quite a help to this subcommittee. We appreciate your interest.

[The information follows:]

National Organization for Rare Disorders, Inc.
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out of the darkness, into the light

President:
Joes Thoene, M.D.

Executive Director:
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Testimony of

Abbey S. Meyers
President

National Organization for Rare Disorders

before the

Subcommittee on Agriculture, Rural Development
Food and Drug Administration and Related Agencies

March 16, 1994

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* Associations are joining continuously. For newest listing please contact the NORD office

Dedicated to Helping People with Orphan Diseases

3/93

Mr. Chairman, members of the Subcommittee, thank you for the opportunity to speak to you today about two subjects of utmost importance to the 20 million Americans with rare "orphan diseases": a) Appropriations for the FDA, including the orphan Drug Grants program, a gene therapy registry and FDA user fees, and b) the dietary supplement issue.

Orphan Drug Grants

The Food & Drug Administration (FDA) has been awarding orphan drug development grants to academic scientists and small pharmaceutical companies since 1982. These small research grants support pivotal clinical trials that are ***essential*** if the drug or medical device is to move from the clinical research laboratory to the shelves of local pharmacies especially when they are of little commercial interest to pharmaceutical companies.

Each year the FDA receives approximately 100 grant applications from scientists who are developing treatments for rare disorders, but who have been unable to locate commercial sponsors to support their research. Out of the 100 applicants, FDA has been able to fund an average of only 20 grants per year.

Last year this Committee was kind enough to recognize the merits of our request. Because there are over 5,000 rare disorders, most of which are untreatable, scientists studying treatments to alleviate these illnesses have only this small pool of federal funding to depend on for support. Your FY 94 appropriation of $15 million will enable FDA to fund 30 grants this year instead of the usual 20. Of the $15 million, only $12 million is available for grants because $3 million is used for FDA's related administrative purposes.

We are asking you to appropriate $18 million this year for FY 95 funding of the FDA's Orphan Drug Grants program. This would enable FDA to use the full $15 million for grants. Keep in mind that to date, 5 orphan drugs and one orphan medical device have achieved FDA approval and are on the market now as a direct result of this unique grant program. Other vitally important orphan drugs and devices are very much dependent on this program, such as Lorenzo's oil for adrenoleukodystrophy which will not be developed in the absence of these funds.

Gene Therapy

FDA is deeply involved in the most promising new biomedical technology since the invention of antibiotics: gene therapy. Gene therapy holds the promise of treating and even curing thousands of genetic diseases and perhaps such scourges as cancer and AIDS. As gene therapy protocols are approved by the various government and institutional committees that oversee the safety issues related to these experiments, no mechanism has been developed to track gene therapy patients throughout their lives to assess the long term effects of transferring human genes into a virus.

It is imperative that the federal government do something immediately to create a gene therapy registry of patients who have undergone these procedures, and track their progress throughout their lives. Although approximately 70 gene therapy protocols have been approved by NIH to date, probably less than 200 humans have actually undergone an actual genetic transfer. If we wait another year or two thousands of patients will have participated in these studies, and it will be impossible to locate many of them.

Why is it important to develop a gene therapy registry? The public really doesn't understand the technical complexities of human genes inserted into disabled viruses. There is a science fiction mentality among many in the public that these mysterious viruses might mutate or get loose, or that the babies of gene therapy patients might be freakishly malformed. Of course these fears are unfounded, because NIH and the FDA have done a spectacular job in regulating gene therapy procedures and experiments, but the fact is any adverse effect that occurs to any of these patients will be blown out of proportion by the press when and if they do occur. Therefore, it is imperative that every one of these patients be closely tracked during these initial years of gene therapy experiments so that an adverse event in one patient would alert all gene therapy clinicians to the possibility of similar problems appearing in their patients. And this must be done before the numbers of patients increase exponentially.

To start a gene therapy registry FDA's Cell and Gene Therapy division would need approximately $500,000 for start-up funds, and probably less in future years for continuation of the database. This is a very small investment for the public's peace of mind, and a wise insurance policy against catastrophic incidents that might put the entire gene therapy program in jeopardy if adverse effects do indeed occur in the future.

FDA User Fees

We have to object strenuously to any attempt to substitute user fee income for normal FDA appropriations. User fees are supposed to supplement FDA's operational funds, not supplant them. Moreover, we urge you to consider user fees for the other products that are regulated by the agency such as generic drugs, medical devices, etc. We patients need these products to reach the market quickly, and because FDA's responsibilities tend to be broadened almost every year, there is no way that the agency will have adequate appropriations to meet their responsibilities in a timely manner without user fees.

On the other hand, there is very clear language in the legislative history of the user fee law which clearly says that Congress never intended for user fees to be applied to orphan drugs. In fact, on October 7, 1992, when Senator Kennedy introduced the Prescription Drug User Fee Act of 1992, he said:

> Orphan drugs are often developed by small companies and usually have limited commercial potential because of small patient populations. The bill's sponsors are aware that companies may be discouraged from pursuing orphan drug research if any additional constraints are placed on the resources available for this purpose. Accordingly, except in the rare situation in which the commercial potential of a specific orphan drug product is clearly adequate to assure development of the product, **the bill's sponsors assume that fees will be waived for orphan drugs.** (Congressional Record S 17234)

It is clear, that the intent of Congress was to exempt orphan drugs under FDA regulations from this extra expense. However, when FDA published user fee regulations, they did not exempt unprofitable drugs; rather, they exempted unprofitable companies (those with an annual income under $10 million per year).

We have spoken with FDA about this problem. After all, if a large and profitable company is considering development of an orphan drug, the initial user fees for an NDA are a significant disincentive to developing the drug, and the ongoing product and facility fees are even more of a disincentive. While FDA told us they will make exemption and waiver decisions based on each individual case, they have not and do not intend to change their misleading user fee regulations. But the regs just about tell companies not to bother applying for a waiver if their annual income is higher than $10 million.

We hope you will understand the seriousness of this problem, because it is turning many of the larger drug manufacturers away from adoption of orphan drugs. We believe that the user fee regulations should be changed so that the criteria for waiving orphan drug user fees conforms to Congressional intent. We need a clear statement of fair FDA policy exempting drugs of little commercial value from disincentives that would otherwise inhibit their development.

Dietary Supplements

Last year when I testified before this committee I brought to your attention the fact that dietary supplement makers are selling inferior products that do not contain the amount of ingredients they are labeled for, and they do not dissolve in time for the human body to utilize the substance. You were very kind in offering to mediate this controversy, and the subsequent hearings this committee held were truly beneficial because it permitted all sides of the controversy to be heard.

Mr. Chairman, there may be a way to solve this problem so that consumers can be assured that when they pay their hard earned money for a vitamin or mineral tablet, they will get exactly what they paid for.

Last year the U.S. Pharmacopoeia issued standards for the manufacture and content of vitamin and mineral tablets and capsules. It is unbelievable to think that there have never been national or international standards for nutritional supplements before. But the fact is there weren't even Good Manufacturing Practices (GMP) guidelines before November 1993 when USP culminated its three year effort to standardize the field.

It is time now, Mr. Chairman, for Congress to **require** that dietary supplements abide by USP standards. No matter which brand of vitamin C you buy, you should be assured that if the label says each capsule or tablet contains 100mg., that's what you'll get in each. And you should be assured that the tablet will dissolve in your stomach within 30 minutes or 45% of a capsule will dissolve within 45 minutes. And you should be assured that under USP standards the product was not manufactured in someone's garage where insect droppings accidentally got mixed into the contents.

The problem is, companies are not required to abide by USP standards so they can continue to sell inferior products under current law. And even those that print "USP" on their labels don't have to live up to the standards because no government agency tests their products and there is no enforcement mechanism if they lie. It is mind boggling to understand that the government regulates the foods that we buy in a supermarket, and the cosmetics we put on our skin, but it does nothing to assure that the majority of Americans who take a vitamin every day are getting a safe, unadulterated product that dissolves in the stomach and releases an active ingredient. Right now some companies sell products with no active ingredients at all, and some sell products with hundreds of times the labelled ingredients because they are uncertain of the final potency after months or years on store shelves.

If the value of nutritional supplements lives up to the promises of products like anti-oxidants, calcium, etc., don't you owe it to the American public to regulate the industry? Just imagine the pregnant woman who takes folic acid every day to prevent neural tube defects. How can the government say, when the child is born with Spina Bifida, that it was not the FDA's responsibility to assure that the tablets actually contained folic acid?

Mr. Chairman, the question about false medical claims on vitamins and minerals is important, but it does not go far enough. Assuring that the supplement industry manufactures safe and potent products is a health emergency that ought to be addressed **now**. The problem of pseudo-medical claims is side tracking you and the FDA from the bigger issue which is the quality and safety of the products sold by an unregulated industry to an unsuspecting public. If you take supplements to prevent a disease that might never effect you, maybe there is no emergency. But if you need the products to treat a disease under a doctor's supervision, the absence of government oversight could mean a death sentence.

We ask this committee to require that all supplement manufacturers abide by USP standards, and that FDA monitor the industry to assure that those standards are met.

In conclusion, I would like to say that we in the voluntary health community are looking for insurance in case health care reform does not happen. Mr. Chairman and members of the committee, by increasing funding for orphan drug grants, establishing a gene therapy patient tracking system, ensuring user fee waivers for orphan drugs and by guaranteeing the safety of the millions of Americans who take dietary supplements you can give us that insurance and at least make the system we have a little bit better.

Thank you.

FOOD AND DRUG ADMINISTRATION APPROPRIATIONS FOR 1995

WITNESS

ROBERT DRESING, REPRESENTATIVE, THE FDA COUNCIL

Mr. DURBIN. Mr. Robert Dresing. Is that pronounced properly?

Mr. DRESING. Like salad dressing.

Mr. DURBIN. Okay, with the FDA Council.

Mr. DRESING. Right.

Mr. DURBIN. Thanks for joining us.

Mr. DRESING. Mr. Chairman, I'm Bob Dresing. I'm the chairman of Nation's Care, I'm the former president of the Cystic Fibrosis Foundation, and a father of a child with cystic fibrosis, and also a member of the FDA Council, and it is on behalf of the Council today that I am appearing before you.

Before I get into the issues, Mr. Chairman, I want to express the great appreciation of the council for what your leadership has provided in the support of the FDA. If it had not been for what you did last year in getting the FTE ceiling removed and funding restored, we'd be here even under greater distress than perhaps we are, and we appreciate what you have done.

We are here to propose for the support of the full budget of $895 million for the FDA. That's a restoration of a directed appropriation. That's an $82 million increase over the 1994 appropriation, and we are asking for the $79 million of prescription drug user fees to be added on that.

The facts that we're facing today are indeed upsetting. Once again, we find that the FDA is being severely faced with budget constraints, and finding that they are not going to be able to have the number of full-time equivalents that are required to carry out the tremendous mandate that this wonderful agency has to do.

And even worse, it is an agency that is currently facing furloughs and reduction of force which is almost, it borders on obscenity.

It's an incredibly important agency. It is just remarkable that we are at this time in history, where we are starting to get the return on the investment that this country has made in biomedical research with the explosion of technology that's taking place, and now sending it a through a process that is inadequately funded to keep up with the science that is being presented to it.

The reduction of FTE's at a time when they have the greatest demands that they have ever had on them is indeed questionable.

Seventeen years ago there was a study conducted of what the full-time equivalents necessary for the agency in the year 1982 would be, and it was estimated that it would be 9,000 full-time equivalents.

It finally, in 1993, reached that level. In October of this year, it should be up to the 9,700 level, and it will be required, if the administration's budget were to pass, to reduce that by 384 individuals.

In this past year, in January, the first new drug for treatment of a cystic fibrosis patient that was ever designed for treatment of a cystic fibrosis patient, was approved. That process from the time that the drug was licensed to approval, it only took nine months, and that was because of the tremendous cooperation that existed between the agency and the Cystic Fibrosis Foundation, and Genentech Corporation.

We are now—it is not a cure, but what it is is an opportunity to put these children and young adults into a holding pattern with a quality of life greatly enhanced over what they've been experiencing, with the hope that while they are being maintained, the ultimate therapies for a cure for cystic fibrosis will be developed.

Right now there are over 30 patients that are in clinical trials in gene therapy for cystic fibrosis. This needs to go as fast as it possibly can so that we can save as many lives as is possible to save.

We want to support this agency so they can do the tremendous job that it's been charged with, and ask that the committee restore the full funding, and provide for a budget that's realistic and not funded by unauthorized user fees, and in fact, cutting severely the NIH budget or the FDA budget as a way of deficit reduction.

So we are going to again look to you for your leadership to help restore what we feel is a vital link in our system.

Mr. DURBIN. Thank you for the kind words and your testimony. It gets tougher every year, but I don't believe the job of the agency is any less this year. In fact, I think it's greater.

Let me say on two fronts, first, we are working with FDA and the Office of Management and Budget to make sure that we are on the same wave length in terms of the number of full-time employees that would be at the agency.

I have spoken personally to Director Panetta about some of the difficulties we have with their budget submission.

Second, let me tell you that I understand your testimony about user fees. I want to make sure that it's a matter of record today, as it has been in previous meetings of this subcommittee, that the user fee is designed to enhance the services of FDA, and not to provide dollars for their ordinary appropriation needs. We are going to stay with our end of the bargain.

The pharmaceutical industry and biologics, where they have now come aboard and signed on for user fees, I've given my word that as long as I have the power to, I will try to make sure that we enhance our services with those additional dollars.

We expect to extend that to several other areas of new user fees with the same understanding, and I hope this subcommittee will stand behind me, as they have in the past, to make sure that happens.

Mr. DRESING. Your leadership is greatly appreciated.

Mr. DURBIN. Well, let me tell you, the FDA Council is a great ally. You folks do a good, good job, and I'm sure this goes beyond your own professional concern to your family concern, and that is part of this whole equation.

I thank you for joining us today. Mr. Myers?

Mr. MYERS. No questions.

Mr. DURBIN. Thanks again.

Mr. DRESING. Thank you.

[The information follows:]

The FDA Council

Candlelighters Childhood Cancer Foundation

The Upjohn Company

The National Allergy and Asthma Network

Alliance for Aging Research

American Medical Association

Merck and Co., Inc.

American Academy of Allergy & Immunology

Pfizer Inc

Leukemia Society of America

American Veterinary Medical Association

Joint Council of Allergy & Immunology

Siemens

Cambridge Biotech Corporation

Warner-Lambert Company

American Society of Nephrology

Sandoz Corporation

American Society of Tropical Medicine and Hygiene

Nestlé USA, Inc.

National Multiple Sclerosis Society

Monsanto Company

IMMUNO-U.S., Inc.

Arthritis Foundation

Glaxo Inc.

American Social Health Association

Cystic Fibrosis Foundation

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STATEMENT OF THE

FDA COUNCIL

BEFORE THE

HOUSE APPROPRIATIONS SUBCOMMITTEE

ON

AGRICULTURE, RURAL DEVELOPMENT,

FOOD AND DRUG ADMINISTRATION, AND

RELATED AGENCIES

MARCH 16, 1994

Introduction

Mr. Chairman, my name is Robert Dresing, Chairman of Nation's Care, former president of the Cystic Fibrosis Foundation and a father of a child with cystic fibrosis. As someone with a family member who depends on the FDA getting life saving therapies to the marketplace quickly, it is personally important to me that the FDA gets the funding it needs to carry out its vital health care mission. It is because of this concern that I am here today representing the FDA Council and I appreciate you giving the Council the opportunity to testify today.

First, on behalf of our members, thank you for your steadfast support of the FDA over the past years. Mr. Chairman, you have been a true champion for the cause and we appreciate the strong advocacy you have shown for the FDA, in spite of tremendous budget constraints. Your stellar efforts to restore funding and increase the FTE ceiling for the FDA last year were greatly appreciated by the Council. Because of you and your colleagues, the FDA has made great progress. With your leadership, we are assured in knowing that you will do what it takes to secure and maintain the public health and consumer protection needs of the FDA.

Budget Request

The FDA plays a vital role in protecting the health of our nation and, after all, health care is the most important issue to face this Congress in several years. To address what we believe are tremendous shortfalls in the Administration's budget proposal, the FDA Council recommends that for Fiscal Year 1995, the operating budget for the Food and Drug Administration be a full, directed appropriation of $895 million for salaries and expenses. This is an $82 million increase over the 1994 appropriation. In addition, the FDA Council recommends that the FY 1995 appropriation include $79 million authorized in the Prescription Drug User Fee Act. We recognize that the spending limits for domestic programs necessitated by last year's agreement are severe. We urge the Committee to do all that it can to enable the FDA to meet its regulatory challenges within these constraints.

The FDA conducted a study in 1976 which projected it would need 9,000 FTEs by 1982. The FDA did not reach this level until 1993, 17 years after this study was conducted, and long after the national AIDS emergency, the passage of generic drug legislation and other issues that added significantly to FDA's burden. Last year, in large part to your efforts, the ceiling was increased allowing the agency to hire the FTEs it needs for current and new mandates. But there are two problems with respect to FTEs at the FDA that I would like to discuss.

- The agency expects to have on board by October -- the beginning of Fiscal Year 1995 -- 9,700 FTEs. However, the President's Budget does not request enough money to support this staff level from appropriations and will force the agency to cut 384 FTEs that are paid through appropriated funds. Once again the FDA is not being provided with the funding it needs so it can retain the FTEs that are required to carry out its mandate.

- The Administration is asking that all agencies reduce the number of senior level FTEs -- GS 14s and above -- because it believes that there are too many managers in the Federal government.

These two issues will cause serious problems for the agency in 1995. First, if the agency does not receive the funding it needs to maintain the 9,700 level of FTEs it expects to have at the beginning of FY 1995, it will be forced to institute furloughs and many or all of its important activities will suffer. Second, because the FDA requires higher salary levels to attract the caliber of people it needs -- such as doctors and Ph.Ds -- to do product review and other important public health initiatives, the agency will run into severe complications with the government wide restriction on hiring senior level GS employees. Almost 35 percent of FDA's GS 14s and above are not managers but highly skilled professionals. Important public health initiatives will suffer if the appropriate people cannot be hired. Because of these two issues, we ask that, at a minimum, 50 million dollars for the cost of inflation be added to FDA's appropriation and we also ask that you reinstate the statutory FTE floor that was in place several years before 1994. We would also like to see FTEs funded through user fees be exempted from any FTE restrictions -- including restrictions on grade levels. This would enable the Agency to hire the FTEs it requires for drug and biologic review through the Prescription Drug User Fee Act and stabilize staffing in other areas which have been affected by several new mandates. If the FTEs hired through the Prescription Drug User Fee act are not exempted, the agency will be forced to allocate senior level FTEs from other program areas such as food safety, tissue and blood safety, and approval of medical devices to drug product review.

Resource Needs

From the food Americans eat, to the medications they take, to the life saving medical devices that are used in hospitals and clinics everyday, even the medications and feeds for farm livestock and household pets, the FDA plays an important and vital role in our daily lives. In fact, as this Committee already knows, the FDA regulates 25 cents of every dollar Americans spend -- over $960 billion worth of products. Yet, the FDA budget is only 1/10 of one percent of the industry it regulates.

The FDA has had over 19 new laws enacted in the past five years that have added huge regulatory responsibilities to its mandate. Frankly, it deserves a budget that will enable it to carry out the important health care mandates legislated by this Congress. With the increase focus on health care for the nineties, it is imperative that the FDA, one of our leading health care agencies, is properly funded.

Unfortunately, the Council believes that the Administration's proposed budget has, once again, dramatically, under estimated the needs of the FDA. The Administration's budget proposal threatens the FDA's ability to carry out its mission. The FDA Council must stress the detrimental effect this will have on all of us -- consumers, industry, and health care professionals alike.

Let me discuss briefly what has been proposed:

- a cut of 26 percent in appropriated funds for salaries and expenses, from $873 million in Fiscal Year 1994 to $645 million for Fiscal Year 1995.

- over $250 million in unauthorized user fees to be collected from the food, non-prescription drug and the medical device industry.

This Committee, and particularly you Mr. Chairman, led the way and resisted a similar attempt made last year by the Administration and the Senate to allow the FDA to collect unauthorized user fees. You fought overwhelming odds and against the tide to reverse the Administration's budget proposal. We are saddened to see the Administration is attempting to do the same thing again this year.

Once again, the FDA Council rejects attempts to collect funding from unauthorized user fees as proposed by the Administration's Budget proposal for the following reasons:

- Using unauthorized user fees as a substitute for appropriations in order to provide funds for deficit reduction does not address the fundamental problem at the FDA -- inadequate resources for an already overwhelmed agency.

- The Prescription Drug User Fee Act of 1992 is only triggered if appropriations stay above a designated baseline. Lowering direct appropriations and making up the difference in unauthorized user fees may prevent the FDA from collecting fees under this Act.

- Assuming user fee collections instead of appropriated resources disregards the public health protection responsibilities of the FDA. Programs such as the Nutrition and Labeling Education Act, overseeing blood and human tissue safety and distribution, increased import inspections due to the passage of NAFTA, and enhancing adverse reporting events or MedWatch, are a few of the many programs that will suffer without direct appropriations.

Furthermore, we do not believe that user fees from unauthorized sources could be implemented in time to provide operating funds for 1995. Major issues have to be addressed such as:

- Determining how the fees will be allocated across the medical device, OTC drug, cosmetic and food industries.

- Publishing regulations and allowing a public comment period.

- Establishing user fee programs in the program centers and hiring the staff to implement user fees.

Many questions must be answered such as how would user fees affect grocery stores, small convenience stores, beverage companies, health food stores, small food manufacturers and so on.

We would encourage, instead, that this Committee replace the President's budget proposal with our recommendation. We believe our funding recommendation will enable the agency to address critically important program areas such as:

- Working with the blood collection and distribution industry to make sure our nation's blood supply is safe and to begin regulating the safety of human tissues for transplants.
- Continuing with the implementation of the Mammography Quality Standards Act (MQSA) to make sure that mammograms are properly performed and interpreted.
- Reducing the backlog of medical device approvals, improving post market surveillance, particularly enacting the new device tracking system, and implementing the new design control GMP -- a requirement found in the European community's ISO 9001 standard for medical devices -- so important now that we are in GATT negotiations.
- Continuing with the education efforts involved with the Nutrition Education and Labeling Act and MedWatch.
- Implementing the HACCP program to make certain our nation's seafood supply is safe for consumers.
- Conducting outreach programs targeting Native Americans and Asians.

Mr. Chairman, we believe that our funding recommendation will build on the work you and this Committee have done to improve conditions at the FDA. Because the FDA Council is a broad based coalition representing health voluntary organizations, professional societies, researchers, biotech, pharmaceutical, medical device and food companies, we believe our proposal truly represents what is best for the FDA and the American public. We are concerned that if the FDA does not receive the funding it so desperately needs, it will be impossible for the agency to carry out its important role of providing health security for all Americans and allowing new therapies to reach the marketplace in a timely manner.

In November of 1992, a transition report was written for the Clinton Administration called "Changing America: Blueprints for a New Democracy" by the Citizens Transition Project. In this report it said "consumers suffer when the agency can not expeditiously remove a dangerous product from the market, assure honesty and fair dealing in the marketplace, or prevent fraud by prohibiting the promotion of a product through unproved claims." It goes on to say "the regulated industry suffers when inadequate funding causes the agency to take inconsistent actions with respect to competitive products." Because of this, the reports states "the next Administration should adequately fund the Food and Drug Administration." We agree.

The FDA recently approved the drug Pulmozyme, the first product in 30 years specifically developed to treat cystic fibrosis. This drug, although not a cure, improves lung function in cystic fibrosis patients and approves their quality of life. The FDA, the Cystic Fibrosis Foundation and Genentech worked together to bring this product to the marketplace in record time -- it was licensed nine months after being submitted for review. Now NIH and researchers across the country are working on gene therapy studies -- and a possible cure -- for cystic fibrosis patients. The results have been exciting so far and we look forward to the day when a drug is submitted to the FDA for market approval and licensing. When that happens, I want the FDA to be properly positioned to approve this drug as quickly as they did Pulmozyme. Its important that this happens -- for every patient suffering from cystic fibrosis, for their families and for the life of my son. It because of therapies like these why it is so personally important to me that the FDA is properly funded. But, more than just my son and family, it is important for every American and their family that life saving drugs and devices reach the marketplace in a timely manner.

Now it not the time to abandon the resource needs of this important health agency. Now is the time to strengthen the FDA for better health for all Americans. Health is a top priority for all of us -- we must recognize that the FDA is part of the health puzzle that provides quality care, treatment, and cures to consumers.

I will be happy to take any questions you may have.

FOOD AND DRUG ADMINISTRATION APPROPRIATIONS FOR 1995

WITNESS

TED R. MANNEN, EXECUTIVE VICE PRESIDENT, HEALTH INDUSTRY MANUFACTURERS ASSOCIATION

Mr. DURBIN. Ted Mannen with the Health Industry Manufacturers Association.

Good to see you, sir.

Mr. MANNEN. Good to see you.

Mr. DURBIN. We have your testimony, if you would like to summarize it.

Mr. MANNEN. I'll do that.

Mr. DURBIN. We would appreciate it.

Mr. MANNEN. Mr. Chairman, I am Ted Mannen, executive vice president of the Health Industry Manufacturers Association, known as HIMA. We very much appreciate this opportunity to testify today.

HIMA is a national trade association composed of more than 700 companies, most of them small companies, that manufacture medical devices, diagnostic products, and health care information systems. The industry's principal job is to develop technologies that save and improve patients' lives.

Unfortunately, device reviews delays at FDA have seriously impeded our ability to do so. Let me cite just one set of statistics dealing with so-called 5–10–K submissions.

These submissions are the principal means for FDA clearance of our products. Five years ago the average review for a 5–10–K took 78 days. Today it takes nearly 200 days.

In fiscal 1990, FDA reviewed 75 percent of all 5–10–K's within the 90-day statutory time period. Today it reviews only 30 percent within that statutory time period.

Mr. Chairman, in considering ways to address these kinds of delays, I think two things are true. The first is that funding alone cannot fix the problem. The second is that the problem cannot be fixed without adequate funding.

For this reason, HIMA for each of the last several years, has had the pleasure to appear before this subcommittee to recommend adequate appropriations for FDA.

Last year, Mr. Chairman, you and I had a little discussion on the subject of user fees. At that time, I indicated HIMA's opposition to those fees, describing them as a tax on innovation.

You counseled that my statement was all fine and good, but that realistically, there was likely to be a user fee in the device industry's future.

Well, Mr. Chairman, a year has passed, and we still believe user fees are a tax on innovation, but we have also concluded that in today's budgetary climate, a user fee appears the only realistic means through which FDA will secure the device review resources it needs.

We come to this judgment without enthusiasm. To us, a user fee holds no merit except for being better than the status quo, and better than every other practical alternative.

Now, as you know, Mr. Chairman, there are user fees, and there are user fees. Let me describe the user fees we believe would tax innovation the least.

Since October, HIMA has been negotiating with FDA on a user fee program. Three key principles to which we subscribe, and to which FDA has said it subscribes, are the following.

First, user fees should be fair and should be dedicated to improving the device review process.

Second, FDA in exchange for the fees, should satisfy strict device review performance standards, and third, user fees should not substitute for appropriated funds.

I provide you this level of detail to point up the progress that has been made over the last five months. Currently the energy and commerce committee, under the leadership of Chairman Dingle, is drafting authorizing legislation based on the substance of the negotiations.

We have every reason to believe the legislation will soon be introduced, and will be considered in this session of the Congress. In light of this, we make three recommendations to the subcommittee.

First, there should be no general purpose device user fees, and I do understand that this morning Dr. Kessler testified that the device fees in the administration's budget were not intended to be general purpose, but rather to be additive, we would suggest that the subcommittee clarify this point in its legislation in order to prevent fees from substituting from what I'll call the base device appropriation.

Our second recommendation is that this base appropriation, that is the fiscal 1995 device funds unsupplemented by user fees, should at least reflect the fiscal 1994 level adjusted to allow continuation of current services.

At the same time, the device center's program should be protected from the kinds of hiring restrictions concerning which this subcommittee has been so vigilant in the past.

Our final recommendation is that the only device user fees that should be appropriated are those contingent on, and enacted pursuant to the new authorizing legislation being developed in the energy and commerce committee.

This will ensure that fees are dedicated to improving the device review process.

This subcommittee has shown strong leadership on behalf of an adequately-funded FDA. We ask your help again, and we would be happy to work with your staff on the technical means through which our recommendations could be effected.

And again, we thank you very much for the opportunity to be here today.

Mr. MYERS. Thank you, Mr. Mannen, for your views. The committee shares your views, except some of this will be with the authorizing committee, which we are not.

Mr. MANNEN. Absolutely.

Mr. MYERS. Today we're in a box because the budget was predicated on the user fee, and we have had this situation before, so I don't know how we're going to come out this year, but thank you.

Mr. MANNEN. Okay, and we would be happy to work with you to try to——

Mr. MYERS. Thank you very much.

Mr. MANNEN. Great. Thank you.

[The information follows:]

TED R. MANNEN

EXECUTIVE VICE PRESIDENT

HEALTH INDUSTRY MANUFACTURERS ASSOCIATION

ON

FOOD AND DRUG ADMINISTRATION
FY 95 APPROPRIATIONS

SUBCOMMITTEE ON

AGRICULTURE, RURAL DEVELOPMENT & RELATED AGENCIES

HOUSE COMMITTEE ON APPROPRIATIONS

MARCH 16, 1994

Mr. Chairman, my name is Ted Mannen, and I am the Executive Vice President of the Health Industry Manufacturers Association (HIMA). On behalf of HIMA's member companies, I want to thank you for this opportunity to testify on Federal Fiscal Year 1995 Food and Drug Administration appropriations.

There are two important—and related—points I would like to leave with you today, Mr. Chairman. First, the overall product review climate for medical devices at FDA remains of serious concern to the medical technology industry because of unnecessary delays in getting life-saving technologies to patients who need them. And, second, while FDA should correct inefficiencies in the review process, the overall problem cannot be fully addressed without adequate funding.

Therefore, I am here today, Mr. Chairman, to ask this Subcommittee to ensure that FDA receives adequate funding in its FY95 appropriations. To us, that means that the FY95 appropriations for the device program at FDA should, at a minimum, reflect the corresponding FY94 appropriations, adjusted to allow continuation of current services. In addition, Mr. Chairman, as you know, the subject of FDA user fees is relevant to this year's budget considerations. I will say more about this in a moment.

You have been most helpful in the past, Mr. Chairman, both in pursuing appropriate funding for FDA and in addressing the Agency's ability to hire the personnel it needs to function effectively and efficiently. We thank you and ask for your continued support.

The Health Care Technology Industry

Before explaining our requests in more detail, Mr. Chairman, I would like to remind the Subcommittee who we are. HIMA is a national health care trade association representing more than 700 medical device, diagnostic product, and health care information technology manufacturers, whose goal is to bring high-quality, life-saving products to millions of patients around the world. At the same time, this industry is an important contributor to the economic growth and well-being of the United States. Our industry generated a $4.7 billion trade surplus in 1993, a figure that has grown steadily each year; more than a third of the industry's growth is in exports. Currently, the U.S. medical device industry supplies 52 percent of the world market. Domestically, HIMA members manufacture more than 90 percent of the nearly $40 billion of health care technology purchased annually.

The medical technology industry has been recognized by the Commerce Department as one of this nation's most consistent performers. Commerce recently reported that four of the top nine fastest-growing manufacturing industries of the U.S. economy from 1987-1993 were in medical device technology.

These Commerce findings also recognize the jobs this industry has created—on average, 12,000 annually in recent years. In fact, a recent study indicates that job growth in the U.S. medical device industry from the period 1988-1992 was 3.4 percent, significantly higher than the 0.6

percent growth for all private industries and the 1.7 percent drop in the overall manufacturing sector.

Creating these new jobs is important—but so is the source of those jobs. The medical technology industry is made up primarily of small, entrepreneurial companies, the majority of them employing fewer than 100 workers. These smaller companies account for the bulk of new innovations, and it is these companies that have helped make the industry one of our nation's most competitive. It has been said that small businesses are the engine of the U.S. economy, and we believe the medical technology industry is living proof of this.

But if we have laurels to celebrate, we cannot rest on them, for the future is far from assured. A critical factor in the strength or weakness of the medical technology industry is the Food and Drug Administration, a gatekeeper to our key markets. Ultimately, the deficiencies of the Agency, in particular the past and present resource inadequacies of CDRH, hurt U.S. patients and the innovation and competitiveness of the industry. Medical device companies invest an average of 6.7 percent of sales in R&D, nearly double the 3.7 percent national average for manufacturing companies. The fruits of this investment are products that enhance the quality and value of patient care and increase the productivity of the U.S. health care system.

For example, non-invasive diagnostic tools allow doctors to pinpoint disease with such astonishing accuracy that "exploratory surgery" has been significantly reduced. Lasers and other sophisticated devices allow surgeons to remove tissue from even the most delicate regions of the human brain. Implantable devices such as cardiac defibrillators use the latest microprocessing technology to correct malfunctioning hearts.

Mr. Chairman, I have taken time to highlight the economic and public health contributions of the medical technology industry for an important reason. Our ability to continue to contribute depends on a consistent and predictable product review process. If that process is not efficient, if it results in unnecessary delays that hurt this industry's ability to compete in the international marketplace, then neither patients nor industry are well served.

In fact, because of the current regulatory environment at FDA, including unrealistic export controls, many U.S. companies are moving their R&D and production capacities overseas, where their devices can be approved and marketed in a more timely fashion. This costs America jobs and reduces vitally needed U.S. exports. It also means that American patients often do not have access to innovative technology that is available overseas. For example, a 1993 study found that at least 26 life-sustaining cardiovascular products that had been approved for use overseas were not available in the United States.

The work of this Subcommittee is an absolutely critical ingredient in this industry's formula for success. You help determine whether FDA will have the resources it needs to carry out its functions. In large part because of this Subcommittee's work last year, FDA's medical device program FY94 appropriation was increased by $30 million. This was intended to allow hiring of additional device application reviewers and implementation of the Safe Medical Devices Act of 1990 and the Mammography Quality Standards Act.

However, as you know, Mr. Chairman, certain roadblocks have developed which threaten the Agency's ability to use the funding this Subcommittee appropriated. Last year, the Public Health Service decreed a hiring freeze. HIMA was pleased to work with you, Mr. Chairman, and with Chairman Dingell of the Committee on Energy and Commerce, to achieve an exemption for FDA. However, hiring efforts are still jeopardized by Executive Order 12839, which calls for a 4 percent personnel reduction by all agencies. At least 10 percent of these personnel must come from senior level positions. Given the complexity of medical technology products, FDA needs to hire physicians, engineers, and other highly skilled individuals to carry out review functions. Those people would need to be hired at the senior level.

Product Review Environment

Over the past several years, the number of product applications submitted to CDRH has increased, while the percentage of those applications actually completed within the statutory time frame has declined. Let's look at FDA's own data. During FY93, only 30 percent of the applications for what are called "510(k)" products—devices that represent incremental innovations— were reviewed within 90 days, the time frame established by law. By contrast, in FY90 -- just three years earlier -- 75 percent of 510(k) reviews were completed within the 90-day period.

In FY88, the average total time elapsed for a 510(k) review was 78 days. By FY93, that time had grown to 195 days. Review times for pre-market approvals (PMAs) -- products that represent major breakthroughs in technology -- took an average of 337 days in FY88. Five years later that time had ballooned to 799 days. Under the law, the time frame established for PMA reviews is 180 days.

Other factors add to FDA's challenge to complete product reviews within a reasonable time. Implementation of the SMDA, under which FDA is required to issue 17 sets of new regulations, places additional demands on time and personnel resources for the Agency. And, as I testified last year, a potentially devastating shortage of raw materials for implantable medical devices, such as tissue heart valves, could create grave and life-threatening consequences for both patients and undermine our industry. FDA is attempting to minimize the impact by constructing an expedited review process to prevent an imminent shortage of implantable devices. This, too, takes resources.

User Fee Program for Medical Devices

For each of the last several years, HIMA has testified before this Committee in support of an adequate FDA appropriation. Last year, Mr. Chairman, you and I had a brief colloquy on the subject of user fees. At that time, I indicated HIMA's opposition to these fees, describing them as a tax on innovation. You counseled that, realistically, there was likely to be a user fee in the device industry's future.

Well, Mr. Chairman, a year has passed, and we still believe user fees are a tax on innovation. But we have also concluded that, in today's budgetary climate, a user fee appears the only likely means through which FDA will secure the device review resources it needs. We come to this judgment without enthusiasm; to us, a user fee holds no merit—except for being better than the status quo and better than every other practical alternative.

Now, as you know, Mr. Chairman, there are user fees—and there are user fees. Let me describe the user fees we believe would tax innovation the least.

For five months now, HIMA and others in the industry have negotiated with FDA on a user fee program. The principles we took into those negotiations—and to which we adhere today—are that a device user fee program should: (1) enhance base funding for FDA; (2) dedicate all receipts to improving the product review process; (3) be simple to administer; (4) consist of reasonable fees, taking into account the needs of small companies; and (5) be tied to aggressive FDA performance goals. The overall objective in our discussions with FDA was to develop a reasonable user fee program for the medical device industry that would enhance the Agency's resources in order to facilitate more efficient and timely product reviews.

Let me take a moment to be more specific, Mr. Chairman. We envision a user fee program that will raise enough revenue to support the number of FTEs required by FDA to achieve performance goals. We also need to ensure that these new hires are dedicated to device application review, so that the current backlog of 510(k)s and PMAs can be eliminated. That goal cannot be achieved, however, if the Agency cannot hire the right kind of people. That is why there must be clear authority for FDA to hire the additional people that a user fee program would fund, unimpeded by a hiring freeze.

In addition, the device user fee program should establish meaningful time limits for those reviews. After the backlog is eliminated, performance goals should specify that a final action for a very high percentage of all applications received at FDA would fall within the statutory time frames I indicated above.

While industry and FDA have not reached final agreement on every point, we are in agreement on the most vital issues, such as the source of funds, elimination of the backlog, and timely review. I provide you this level of detail to point up the progress that has been made over the past five months. Currently, the Energy and Commerce Committee, under the leadership of Chairman Dingell, is drafting legislation based on the substance of the negotiations. We have every reason to believe the legislation will soon be introduced and will be considered in this session of Congress.

I would stress, however, that we believe this program should enhance the funding appropriated by Congress and be tied to measurable performance levels at the Agency. Our industry remains adamantly opposed to general purpose user fees for deficit reduction. If we are to pay fees, they should be reasonable, and they should be tied directly to improving device application review by FDA.

For these reasons, we have concerns regarding the Administration's budget for FY95. We have read and analyzed the revised budget and talked to Administration officials. Frankly, it is unclear to us how, precisely, the Administration budget proposes to incorporate user fees. The budget refers to $252 million in general purpose user fees. We have been told that a portion of that money is to come from device companies and be dedicated to enhancing device reviews, but we have yet to see this in the President's budget. Let me emphasize, Mr. Chairman, that we do not believe there is legal authority to raise general purpose user fees from the medical device industry, and HIMA would strongly oppose any attempt to do so.

Conclusion

Mr. Chairman, we look to your leadership to clarify the budget situation and end any confusion on this issue. Specifically, we respectfully request the following:

> First: There should be no general purpose device user fees, as are perhaps contemplated by the Administration's budget. Specifically, the Committee should clarify that the Administration's proposed device fees cannot substitute for what I'll call the "base" device appropriation.
>
> Second: This base appropriation—that is, FY95 device funds, unsupplemented by user fees—should at least reflect the FY94 level, adjusted to allow continuation of current services.
>
> And finally: The only device user fees that should be appropriated are those contingent on—and enacted pursuant to—the new authorizing legislation being drafted in the Energy and Commerce Committee. This will ensure that fees are dedicated to improving the device review process.

I would like to thank the Subcommittee for the opportunity to appear before you today. And, Mr. Chairman, I thank you, again, for your continued support. HIMA is ready to work with the Subcommittee in any way possible to help achieve our common goal of a more efficient and timely product review process at FDA.

FDA PROGRAMS

WITNESSES

GERALD J. MOSSINGHOFF, PHARMACEUTICAL MANUFACTURERS ASSOCIATION

ROBERT G. BRITAIN, NATIONAL ELECTRICAL MANUFACTURERS ASSOCIATION

JOHN R. CADY, NATIONAL FOOD PROCESSORS ASSOCIATION

DR. ALAN R. GOLDHAMMER, BIOTECHNOLOGY INDUSTRY ORGANIZATION

STEVE ZILLER, GROCERY MANUFACTURERS ASSOCIATION

Mr. MYERS. Next is the Health Industry Panel. We would have them come forward, please.

As we look down the panel, I think there are very few strangers.

Mr. GOLDHAMMER. Thank you very much, Mr. Chairman. I am Alan Goldhammer, director of technical affairs at the Biotechnology Industry Organization. We have submitted a statement for the record, and I will just excerpt that briefly here.

Mr. MYERS. Your entire statement will be in the record, and you can proceed as you wish.

Mr. GOLDHAMMER. Thank you. BIO represents over 500 companies and affiliated organizations. While our member companies are developing exciting new products in a variety of industrial sectors.

We are particularly proud of new bio-therapeutics that are now treating cystic fibrosis, mutiple sclerosis, renal disease, and various cancers for which there were no previous treatments.

A number of our member companies are pursuing new gene therapy approaches to these same diseases.

Today we are here to request full funding for FDA review activities. Delays in product approvals resulting from insufficient agency resources imperiled the livelihood of the biotechnology companies where working capital is measured in months rather than years.

This will have societal impacts as well. Widespread access to important new therapies comes only when the drug is approved for marketing. The present freeze on GS–14 and 15 employment slots at FDA makes it difficult for them to hire new medical reviewers.

BIO supported the prescription drug user fee act of 1992. It established a program whereby industry would pay certain fees to augment FDA resources in the drug review area.

FDA has committed to a six month review time frame to act upon all priority drugs biologics. Unfortunately, the success of this program which both industry and the FDA support, is now in doubt.

We do not want to see the delicate contract that was entered into 18 months ago abrogated. Unless FDA is provided with sufficient resources in addition to the user fee funds, they will fail in their mission to provide the quality review that all parties expect.

Thank you very much.

Mr. MOSSINGHOFF. Mr. Chairman, my name is Gerry Mossinghoff. I'm the president of the Pharmaceutical Manufacturers Association, and in the interest of time, I'll simply echo the remarks of Dr. Goldhammer.

I think he said it very well. We worked very hard with this committee and with the authorizing committee to put in place the user fee system. It is working well. We're concerned about the freeze on GS–14 and 15. We think that that can distort the ability of FDA to hire the right people to carry it out, but FDA seems totally committed to the program.

Industry is certainly committed to the program. We want to carry out the intent that you wrote into the user fee, and look forward to your firm support to make sure that this program is the success that I think the committee designed it to be.

Thank you, Mr. Chairman.

Mr. MYERS. Thank you.

Mr. CADY. Mr. Chairman, I'm John Cady, president of the National Food Processors Association. We're a science and technical trade association that represents producers of food products, and represent over 500 companies within our industry.

We're here to talk about user fees today in terms of the FDA. NFPA has supported a strong FDA for all of our years of existence, and still do to today.

However, we come before this committee as we did last year, and as we have before, to point out that we believe that the funding for that agency must come from the public funds, and not from user fees.

We in the food industry, unlike our friends in the pharmaceutical industry and perhaps the medical device industry, receive no approvals, receive no benefits from user fees if that concept were put into the food industry.

Rather it essentially serves as a tax on our industry for the privilege of being regulated and inspected by the FDA.

So while there may be some benefits to some groups, in the food industry, there is absolutely no benefit. It is a regulatory tax. It does tax those people who are low income, who have a tendency to spend more of their available income on food products because that tax will naturally be passed down to that consumer.

We also feel strongly that the credibility of the agency becomes a question at hand when the consumer looks to see an agency being essentially funded through user fees, that agency being in power to regulate the industry. So you essentially have those being inspected funding the inspection agency.

I would like to close and just say that if you look at the budget, we did a quick analysis based on what the commissioner said in release today, and in fact, the food center will lose dollars this year as we interpret this budget because its level funding for those parts of FDA who are not under the user fee concept.

So they will go back and use the funding that was authorized last year.

When you figure in the mandatory pay raises that the FDA will have to accept, in fact, the food center loses people as a result of all of this in terms of its, the same numbers of people and the same amount of manpower being dedicated to our issues.

So we strongly hope that this committee will listen to us again, and do everything that it can to ensure that user fees are not applied to the food industry.

Thank you, sir.

Mr. MYERS. Thank you.

Mr. BRITAIN. Good afternoon. Thank you. My name is Robert Britain. I'm vice president of NEMA, the National Electrical Manufacturers Association.

I'll certainly summarize.

Mr. MYERS. Thank you.

Mr. BRITAIN. NEMA supports increases in appropriations for FDA budget for 1995, fiscal year that is, for the medical device approval process.

Specifically, we support the 1994 budget levels plus inflationary adjustments, plus additional funding for the device product approval process in the 1995 budget.

We make this recommendation because steps must be taken to reduce a backlog of submissions that have gone to about 1,700 in number. Some of these submissions have been averaging close to 200 days to get through FDA, whereas a few years ago, the average time was under 90 days—very detrimental to the industry.

And we're talking about submissions that are basically me-too products. They are not new products coming out on the market, they are the same products that are out there now, some of them just being modified.

Now, as you are aware, NEMA has been working with the agency and congressional staff towards the development of a user fee proposal for medical devices, but at this time, absent the availability of a draft proposal, we cannot provide specific comments on that user fee legislation.

What we can state is that we are unconditionally, and if user fee legislation materializes this year for medical devices, we would be opposed to user fee revenues going towards deficit reduction.

Elements which NEMA would like to see included within the scope of user fee legislation, if it occurs, would include performance goals which would stipulate, for example, timely application of reviews, the elimination of the backlog at the time, that all fees would go to product review as opposed to enforcement, and finally, other elements we would like to see would be a reauthorization every four years, and a proposal to implement some of the recommendations of the excellent reports, less than the sum of all of its parts.

I thank you, Mr. Chairman. A brief summary.

Mr. DURBIN. Thank you. Mr. Ziller?

Mr. ZILLER. Thank you, Mr. Chairman, members of the committee. I'm Steve Ziller, vice president of scientific and technical affairs at the Grocery Manufacturers, GMA. I will make my remarks brief, but ask that my full statement be included in the record.

Mr. DURBIN. It will be.

Mr. ZILLER. GMA is an 86 year old national trade association comprised of more than 130 companies which manufacture foods sold in retail stores throughout the United States.

Member companies employ over 2½ million people nationwide, and have annual sales in excess of $360 billion, that represent more than 85 percent of the packaged food sold retail in the United States.

GMA has always been a proponent of the public health goal that FDA should be strong and effective. In the last few years, Congress has enacted legislation giving FDA new authority in areas such as nutrition labeling, prescription drugs, medical devices, and generic drugs, adding to the agency's already broad mandate.

Unfortunately additional adequate resources have not been provided. All of these new programs have been requested by Congress to provide a public benefit. Therefore Congress must find the resources to adequately fund these programs.

Shifting the cost of these programs to the regulated industry, however, is not in the public interest. This is why GMA strongly opposes the imposition of FDA user fees on the food industry.

In practical effect, user fees would constitute a federal sales tax on food products which would ultimately be passed on to the consumer.

In conclusion, GMA opposes any efforts to extend the user fee concept to the food industry. GMA remains committed to a strong FDA.

Congress, however, must establish the agency's public health priorities, and provide the funds to do the job. Thank you.

Mr. DURBIN. Mr. Ziller, you are saying that user fees should not apply to food products primarily because you do not have pre-market approval of food products, is that correct?

Mr. ZILLER. Right. There is a very small subset of the food industry that is involved in food additives and so forth which do have a pre-market provision, but that's not the mass of activity of the food industry.

And in those cases where things are approved, they are approved for everyone, not just the person who petitioned them, so they don't receive a specific benefit.

Mr. DURBIN. If I'm not mistaken, we've also been asked by the administration to consider charging for the inspection of meat, if that inspection is made beyond the ordinary 40-hour business week, correct? For overtime?

And that would not be a pre-market approval situation either.

Mr. ZILLER. No.

Mr. DURBIN. Thank you. That was the only question I had. Let me just say for the others that I'm sorry I missed their testimony. I think I stated earlier and I would just repeat very quickly that I think we are of the same mind, that user fees are to be used to enhance, and not to meet the ordinary expenses of the agency.

Mr. Skeen?

Mr. SKEEN. I don't have questions.

Mr. DURBIN. Mr. Myers?

Mr. MYERS. Let me respond. First, I completely agree. This committee agrees that we do not want to see user fees used to reduce the budget deficit. I think we're all concerned about the deficit, but that isn't the purpose of user fees.

Secondly, one of the objections we've always heard about user fees which was just somewhat different than Mr. Cady, you introduced here, that it's been felt by some that if the industries like the pharmaceuticals groups which were charged the fees directly for the work they were doing for a particular application, that it might somehow influence the FDA in their decision.

So if it is over some bigger picture, that is not as likely. That's one of the objections we've heard though, that it might be used by FDA to say, "well, this company has spent a lot of money, we almost have to approve the drug." That's one of the objections that we've heard.

One of the problems that concerns me very much, and I was working on it this afternoon just before I came in here, is the 252,000 federal employees reduction. I think we all agree with that, but how is it going to be applied to FDA when they don't have enough FTE's right now?

This has concerned this committee and all of us.

Mr. CADY. You know, we've talked about that in past years, Mr. Myers, and you know, I sometimes have to get down to the very basic question and we look at the FDA's role in the food industry as a public health issue.

It is for the general public and I think somebody has to start establishing priorities. I mean, one of the priorities is we establish a defense for this country, and I think another priority is that we have obviously responsibilities in the public health for the general population.

That's what the FDA does in the food industry, and so therefore it seems to us that that is the way it ought to be funded, and I think somebody has to step up to the plate and they have to say this is an important issue, and over year after year, when we've come here before, we continue to stress this point.

And the administrations, past and present, have still in our minds given insufficient funds for this agency to do the work that the Congress and that the legislators keep passing that requires more FTE's and more people to do the job of inspection and regulatory.

So——

Mr. MYERS. We call that an unfunded mandate.

Mr. CADY. Your words, sir. [Laughter.]

Mr. MYERS. Well, that's a very real problem. That's the problem I think everyone recognizes we've got to reduce the cost of government, and one of the ways, of course, is to reduce some of these federal employees in some fashion.

I've been working very hard over the last couple of weeks, but we haven't come up with the right answer yet, I don't think.

Mr. CADY. I hope you find the right answer, sir.

Mr. MYERS. Thank you.

Mr. CADY. And still give us the services we need for the public health and our industry.

Mr. MYERS. Everybody wants to go to heaven, but no one wants to die.

Mr. CADY. That's right. [Laughter.]

Mr. DURBIN. Thanks for joining us, we appreciate your testimony.

[The information follows:]

STATEMENT OF ALAN GOLDHAMMER, Ph.D.
ON BEHALF OF THE BIOTECHNOLOGY INDUSTRY ORGANIZATION BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES

MARCH 16, 1994

Mr. Chairman I am Alan Goldhammer, Director of Technical Affairs at the Biotechnology Industry Organization (BIO). BIO represents over 500 companies and affiliated organizations. Through the use of genetic engineering, our member companies are developing exciting new products in a variety of industrial sectors. Veterinary drugs to improve agricultural productivity, enzymes for the food processing industry, human health care products to both diagnose and treat disease, and crop plants with improved nutritional and processing qualities will bring significant benefits to our society. We are particularly proud of new bio-therapeutics that are now treating cystic fibrosis, multiple sclerosis, renal disease, and various cancers for which there were no previous treatments.

Today, BIO requests full funding for FDA review activities. Delays in product approvals resulting from insufficient agency resources imperil the livelihood of biotechnology companies where working capital is measured in months rather than years. The present freeze on GS-14 and -15 employment slots makes it difficult for the agency to hire new medical reviewers. We supported the establishment of a user fee program for improving the review process for new prescription drugs and biologics. The success of this program, which both industry and FDA support, now appears uncertain.

Although still in its infancy, the biotechnology industry is proving to be an engine for economic growth. Our industry has created 97,000 high skill jobs in recent years and the sector is responsible for product sales of $7 billion last year. The industry has experienced double digit growth in each of these areas over the last seven years. This trend is expected to continue throughout the remainder of this decade.

As with any other emerging industry, the biotechnology industry can only succeed if our products successfully reach the marketplace. Significant amounts of both time and money are needed to bring the research and development process to fruition. We recognize that not every product will be successful.

All of the products that I mentioned earlier in this statement are subject to oversight by the Food and Drug Administration (FDA). Some products, such as new bio-therapeutics for the treatment of disease, require extensive testing and pre-market review and approval by FDA. A recently published survey from researchers at Tufts University showed that the development time for new bio-therapeutics is 7 years. Of this total, 1.7 years was required for FDA review of the submitted clinical data to support product approval. With several hundred products in clinical trials, we are about to see an explosion in the number of licensing applications submitted to FDA. Clearly FDA needs sufficient resources to review this large number of submissions in a timely manner.

Eighteen months ago legislation was enacted that promised to accelerate the drug approval process. The Prescription Drug User Fee Act of 1992 established a program whereby industry would pay certain fees to the agency to augment their resources in the drug review area. This program is authorized for five years with industry committing over $300 million towards FDA resources. In return for the increased allocation of review staff, FDA committed to review and act upon all priority applications for new life saving drugs and bio-therapeutics in a six month time frame. BIO supported the user fee legislation. We continue to work with our FDA colleagues to insure its success.

Accelerated approval does not just benefit the company but society as well. Widespread access to important new therapies comes only when the drug is approved by FDA.

The first biotechnology product reviewed and approved under the user fee program was Pulmozyme, a bio-therapeutic for the treatment of cystic fibrosis. This product was approved last

December following a nine month review of the clinical data. Though encouraged by FDA's handling of this submission, we are concerned about the long term prognosis of the user fee program. As part of the "reinventing government" movement, the Clinton Administration first froze personnel ceilings government-wide including FDA. Secondly, all promotions to GS-14 and -15 salary levels were frozen. While the Department of Health and Human Services did lift the FDA personnel ceiling, the pay level freeze is still in effect. This makes it extremely difficult to recruit new medical reviewers.

User fee funds are slated to double the FDA review personnel within four years of the program with 50% on board by the first quarter of FY 1995. If FDA is unable to pay competitive salaries to prospective physician-reviewers they will not be in a position to keep Commissioner Kessler's commitment of a six month time frame for priority reviews.

While we appreciate both the Administration and Congress's intent to bring fiscal responsibility to government, other commitments must be honored as well. FDA has been given significant regulatory responsibilities. Our industry's products are significantly impacted by the Agency's ability to conduct timely reviews. Many of our member companies hang by a tenuous financial thread. Their ability to raise funds to conduct the cutting edge research is predicated on being able to deliver a marketable product. Regulatory uncertainties concern investors, making it difficult to raise capital.

We do not want to see the delicate contract that was entered into eighteen months ago abrogated. Unless FDA is provided with sufficient resources in addition to the user fee funds, they will fail in their mission to provide the quality review that all parties expect.

Our concerns extend beyond the need to uphold the goals of the prescription user fee program. As I noted earlier, we also have products that are being and will continue to be reviewed by other centers at FDA. Veterinary drugs, foods, and medical diagnostics all require FDA resources. We have accepted a regulatory framework that is based upon sound science. However, the timeliness of decisions is critical. It is incumbent upon the Administration and Congress to recognize this fact and fund the FDA accordingly.

Statement

Pharmaceutical
Manufacturers
Association

GERALD J. MOSSINGHOFF
PRESIDENT
PHARMACEUTICAL MANUFACTURERS ASSOCIATION

ON THE FY 1995 BUDGET OF THE
FOOD AND DRUG ADMINISTRATION

BEFORE THE SUBCOMMITTEE ON AGRICULTURE, RURAL
DEVELOPMENT, FOOD AND DRUG ADMINISTRATION,
AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES

MARCH 16, 1994

Mr. Chairman and Members of the Subcommittee:

I am Gerald J. Mossinghoff, President of the Pharmaceutical Manufacturers Association. PMA represents more than 100 research-based pharmaceutical companies -- including more than 40 of the country's leading biotechnology companies -- that discover, develop, and produce most of the prescription medicines used in the United States and a substantial portion of the medicines used abroad. I am pleased to have this opportunity to appear before the Subcommittee to present our recommendations on the Fiscal Year 1995 budget for the Food and Drug Administration.

PMA strongly supports increased appropriations for the FDA and continues to firmly oppose the imposition by the FDA of user fees in lieu of appropriations for general Government budget deficit reduction.

We are seriously concerned that the appropriations portion of the Fiscal Year 1995 budget request for the FDA -- $645 million -- constitutes a 26 percent reduction, entirely in the salaries and expenses account of the Agency, from the level of appropriations enacted by Congress for the current fiscal year. This cutback can undermine the Agency's efforts to carry out increased public health and safety responsibilities mandated by the Congress over the last several years.

We ask you to particularly note the fact that under the proposed level of appropriations for salaries and expenses -- $588 million, a cutback of over $225 million from FY 1994 -- the FDA will be statutorily prohibited from continuing to implement the Prescription Drug User Fee Act of 1992 during FY 1995. This is because this level of appropriations is substantially below the threshold required under that Act for the assessment of prescription drug user fees. The adjusted level, or threshold, for the current fiscal year is $746.1 million. Therefore, the FDA will be denied authority to assess a planned level of $79.4 million in prescription drug user fees in FY 1995, which represents a significant portion of the Agency's total budget request.

The Prescription Drug User Fee Act was designed to provide the FDA with additional resources to make the new drugs and biologics review process more predictable and efficient, thereby making new medicines available to patients more quickly. To ensure that resources are increased, the law prohibits the assessment of prescription drug user fees in a fiscal year unless FDA appropriations for salaries and expenses for that year, excluding these fees, are equal to or greater than a baseline of FY 1992 appropriations adjusted for inflation. The law also requires that fees will be used solely to increase FDA resources, including new staff hires, for the review of human drug applications. It was only on the basis of these very clear commitments that the historic Government-industry agreement was reached, leading to the enactment of this legislation. Under this law, drug manufacturers will pay an estimated $330 million in new drug application, drug product, and establishment fees over five years to enable the FDA to increase its review staff by 600 professionals.

These additional resources are of critical importance in enabling the FDA to remain abreast of rapid scientific developments in the discovery of new medicines. In 1994, PMA companies are expected to invest $13.8 billion in research and development, compared to $12.6 billion in 1993. This investment represents 18.8 percent of sales in 1994, compared to 18.3 percent last year. The industry will invest substantially more in pharmaceutical R&D than the entire Federal Government will spend on all biomedical research.

This investment means new medicines to save lives, improve the quality of care and help reduce health care costs. Products now in the pipeline could provide new cures and better treatments for many of today's most intractable and costly diseases. For example, the industry has almost 300 medicines in human clinical trials or awaiting approval at the FDA for just eight diseases that afflict older Americans. These eight diseases alone -- osteoporosis, diabetes, stroke, depression, arthritis, Alzheimer's, cancer and cardiovascular disease -- cost the United States more than $430 billion a year. A cure for just one of these diseases would produce enormous benefits by improving patient health and cutting healthcare costs.

We understand that the FDA Council, an important public-interest coalition of patient and healthcare provider groups, has recommended that the FDA receive $895 million in appropriations for salaries and expenses in Fiscal Year 1995 -- an increase of about $82 million over appropriations enacted for the current fiscal year. We fully support this recommendation to increase critically needed professional and technical staff resources in several FDA program areas. This should be augmented by $79.4 million in prescription drug user fees pursuant to the Prescription Drug User Fee Act, as proposed in the FDA budget request.

Finally, Mr. Chairman, we urge your Subcommittee to examine the potential impact of certain staff reductions at the FDA as a method of absorbing pay raises and other inflationary costs, as well as plans to limit the number of senior-level staff. These actions are in response to Administration directives to reduce general Federal employment levels.

These cutbacks would be counterproductive when the Administration and Congress are trying to reduce healthcare costs and expand activities to promote public health and safety. We are seriously concerned that FDA's efforts to recruit professional staff for new-drug evaluation activities, toward achieving performance goals stipulated under the Prescription Drug User Fee Act, would be undermined by Administration policies to effectively cut back personnel at the GS-14 and higher levels.

Mr. Chairman, over the years the House Committee on Appropriations has provided vital support to the FDA in spite of severe budget pressures. The Committee has rejected proposals for user fees that do not actually increase FDA resources. We strongly encourage the Committee to maintain these positions and to provide the increased appropriations that are required if the FDA is to fulfill its critically important mission.

Mr. Chairman, that concludes my prepared statement. I will be pleased to answer any questions that you or other members of the Subcommittee may have.

# # #

NATIONAL FOOD PROCESSORS ASSOCIATION

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Statement of

John R. Cady, President

National Food Processors Association

Before the

Agriculture, Rural Development, Food and Drug Administration
and Related Agencies Subcommittee
of the
House Committee on Appropriations

Hearing on the

FY 1995 Budget

For the U.S. Food and Drug Administration

March 16, 1994

Mr. Chairman: I am John Cady, President of the National Food Processors Association (NFPA). NFPA is a trade association representing some 500 member companies engaged in the production of food. NFPA members include manufacturers of processed-packaged fruits and vegetables, juices, meat and poultry, seafood products and specialty products preserved through canning, freezing, dehydration, pickling and other methods. NFPA members also include suppliers to the food industry.

NFPA is a science and technical-based trade association with three state of the art food science research laboratories staffed by more than 100 scientists. NFPA's laboratories conduct studies on food safety, nutritional content of food and innovative food processing and packaging technologies designed to promote optimal safety, wholesomeness and nutritional value of food products. The technical expertise of NFPA is brought to bear in its representation of its member companies in matters of scientific, government and consumer affairs.

Throughout its history, NFPA has been committed to improvement of food safety. Our organization was formed at a time when it was necessary to improve public confidence in food safety; we are proud to have worked tirelessly to develop what are now standard industry practices to prevent harmful bacteria in processed foods.

NFPA appreciates the opportunity to comment on the Food and Drug

Administration's (FDA) 1995 budget proposal pending before the committee and, in particular, on the proposed user fees for the food industry. As in the past, we strongly support the food programs of the FDA, and, equally important, a level of funding that will enable FDA to perform its crucial mission effectively. In the food area alone, FDA faces imposing responsibilities. For instance, the FDA is now working with industry to implement the Nutrition Labeling and Education Act regulations -- a complex and challenging responsibility.

Even more important is FDA's effort to address food safety concerns. Last year's tragedies with E. coli 0157:H7 underscore the importance of vigilance against microbial contamination of food, which is by far the greatest food safety risk factor.

This committee has done an outstanding job of addressing those agency needs. Since 1986, FDA appropriations have consistently outstripped the rate of inflation. In so doing, you have responded to both the resource needs of the agency and the policy implications of proposals to impose so-called user fees on the food industry to fund FDA's general regulatory activities. We respectfully submit that such fees would not be user fees at all; they would be a regulatory tax.

User fees, by definition, are intended to reimburse agencies for specific benefits provided to identifiable regulated companies at the discretion of those companies. Advocates of user fees, such as the prescription drug industry and, now, the medical device industry, support user fees in order to expedite the approval of new drug or device applications. The provisions of the 1992 Prescription Drug User Fee Act include assurances that pharmaceutical companies will reap an immediate and tangible benefit from prompt and appropriate regulatory reviews funded by user fees levied under the law. Presumably, any similar new medical device legislation would also include such performance objectives.

That is a situation far different from that which pertains to foods. With the exception of an occasional food additive petition, FDA approval does not precede marketing of foods. Instead, a strong FDA promotes food quality and assures consumer confidence in the food supply through the science-based policy choices it makes as it assesses the need for food and labeling regulation, evaluates and develops regulatory systems to address food issues, communicates health information and explains FDA policies to the public. These FDA health and safety activities benefit the public at large. It is precisely because all Americans benefit from the important public health work of FDA that the agency's resources should come from appropriated funds.

The proposed alternative to this sound and traditional method of funding that supports the general health and welfare is imposition of so-called "user fees," which would operate as a regulatory tax. Industry would be taxed because it is regulated and the cost of that tax would be passed on to consumers through inflated costs of food. As it is well-established that low-income Americans spend a higher percentage of their disposable income on food than other groups, the extent to which they would bear the true burden of such a regulatory tax should be clear. Thus, this regulatory tax would be highly regressive.

Of course, it should also be noted that the integrity of FDA must be both real and perceived. For FDA to draw its funding from the industry it regulates would not enhance public confidence in the FDA. Consumers may feel the independence and integrity of FDA would be compromised by its funding being derived from the industry it regulates.

While perceptions of undue industry influence are a concern, so is the possibility of inappropriate regulatory activity being motivated by agency funding considerations. Regulatory actions should be based exclusively on the imperatives of enforcing the law to protect public health and welfare. Some regulatory tax proposals would distort that mission by collecting fees based on regulatory actions. We appreciate that this committee has in the past encouraged a balanced approach that would guard against both the loss of consumer protections associated with inadequate regulation and the economic decay caused by over-regulation.

Discussion of user fees for FDA regulated industries other than the prescription drug industry is not new, and previously submitted budgets have included proposals to fund a portion of FDA's budget through such fees. However, Congress has rejected them on the merits of the debate as discussed above. The fact they are again proposed contrary to the merits suggests that a less acknowledged, but more accurate rationale for their proposal is budget deficit reduction. But even this auxiliary purpose is not supportable.

Unlike prescription drugs, FDA-regulated food products are not subject to premarket approval and are manufactured without the registration of manufacturing and distribution establishments, or the listing of individual food products, with the agency. In the absence of such a procedure, simply identifying the hundreds of thousands of food establishments and food products against which user fees might be assessed would be a bureaucratic nightmare. More to the point, much of the anticipated revenue from user fees imposed upon the food industry would be consumed by the costly and complicated effort to establish a system to collect those fees.

In closing, let me reiterate that the food industry works strenuously to produce the safest, most wholesome and affordable food available in the world and to maintain the confidence of consumers in the high quality of the food supply. As a consumer-driven industry engaged daily in interstate commerce, the industry fully understands that a strong FDA is fundamental to good national public health. We encourage the committee to provide FDA the highest funding level possible through direct appropriations.

Let me express our sincere appreciation for your consideration of our views.

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Diagnostic Imaging and Therapy Systems Division

STATEMENT OF THE DIAGNOSTIC IMAGING AND THERAPY SYSTEMS DIVISION

NATIONAL ELECTRICAL MANUFACTURERS ASSOCIATION

ON

FY 1995 FUNDING LEVELS FOR THE FOOD AND DRUG ADMINISTRATION

**SUBMITTED TO THE SUBCOMMITTEE ON RURAL DEVELOPMENT,
AGRICULTURE, FDA, AND RELATED AGENCIES**

HOUSE APPROPRIATIONS COMMITTEE

HONORABLE RICHARD DURBIN (D-IL), CHAIRMAN

MARCH 16, 1994

The Diagnostic Imaging and Therapy Systems Division of the National Electrical Manufacturers Association is pleased to provide testimony on FY 1995 funding levels for the Food and Drug Administration. NEMA, with headquarters in Washington, D.C., represents more than 95% of U.S. manufacturers of x-ray imaging, computed tomography, magnetic resonance imaging, diagnostic ultrasound, and nuclear imaging equipment. In addition, the division represents manufacturers of picture archiving and communications systems, as well as manufacturers of extracorporeal lithotripters and radiation therapy equipment.

Before offering specific comments on the FY 1995 funding levels for the Food and Drug Administration, NEMA wishes to express its deep concern over continuing product approval delays. The result of these delays has been a significant increase in the number of 510(k) and PMA submissions pending before the agency, and diminished patient access to new and beneficial health care technologies.

With respect to 510(k) approvals, which provide the route to market for incremental changes in existing medical technologies, current CDRH estimates indicate that the number of 510(k) submissions under review has increased significantly from just over 2,500 submissions pending in August 1992 to nearly 4,000 submissions pending in September 1993 (Exhibit A). Included among these 4,000 submissions are an additional backlog of 1,700 submissions which have never even been touched. Average review times for 510(k) submissions currently average in excess of two hundred days, well over the ninety day time frame stipulated by the 1976 Medical Device Amendments. Although this situation has been improved somewhat in recent months, further steps need to be taken in order to ensure continued patient access to safe and beneficial health care technologies.

The aforementioned increase in the number of submissions pending review has produced an extremely detrimental effect on the U.S. medical device industry, traditionally one of the nation's most competitive. In the crucial area of investment in research and development, the U.S. medical technology industry maintains a leadership position. In 1992, for example, investment in research and development in the medical technology industry averaged 6.7%, as compared with the all industry average of 3.7%.

Investment in research and development means investment in innovation, as well as significant benefits to mankind. The U.S. medical technology industry is a world leader in meeting patient needs because of its rapid pace of innovation. This translates into growing exports, new jobs and a rising trade surplus. For the period 1987 to 1991, U.S. exports of medical products grew at an average annual rate of about 22%, more than doubling in dollar value, reaching $7.9 billion in 1991. This large volume of exports translates into a trade surplus of nearly $4.1 billion for the medical technology industry in 1992. A failure to fund FDA at adequate levels will not only contribute significantly to the existing backlog in product approvals, but will also further hamper the competitiveness of the U.S. medical technology industry and diminish the quality of health care provided to Americans. Increases in product review times result in additional product approval expenditures by industry, and delays in public access to safe and beneficial health care technologies. As a result of this lengthy product approval process, new and improved medical technology is being introduced in the rest of the world up to two years before patients benefit from the technology in the United States. Accordingly, the quality of health care provided to U.S. patients has diminished by comparison. Given the current level of attention being directed at the national level towards both the quality and cost of health care services, unnecessarily adding new up front expenditures to the product approval process seems imprudent at best.

NEMA recognizes that there are those who would argue that the only solution to this backlog in product approvals lies in the form of user fees to be assessed from the medical device industry. Although NEMA concedes that the assessment of user fees could serve as a source of additional FDA revenues, NEMA questions the extent to which these additional revenues will result in the increased efficiency of the FDA product review process. With respect to the latter point, NEMA stands ready to work with members of the subcommittee and the agency towards more effective management of FDA resources, and the adoption of continuous process improvements by the agency. We encourage the agency to implement the recommendations set forth in the recently released report, "Less Than The Sum of Its Parts: Reforms Needed in the Organization, Management, and Resources of FDA's Center for Devices and Radiological Health," released by the Subcommittee on Oversight and Investigations of the House Energy and Commerce Committee. This report outlines proposed changes in the management of FDA's Center for Devices and Radiological

Health, and NEMA looks forward to working with agency officials towards the implementation of the report's recommendations.

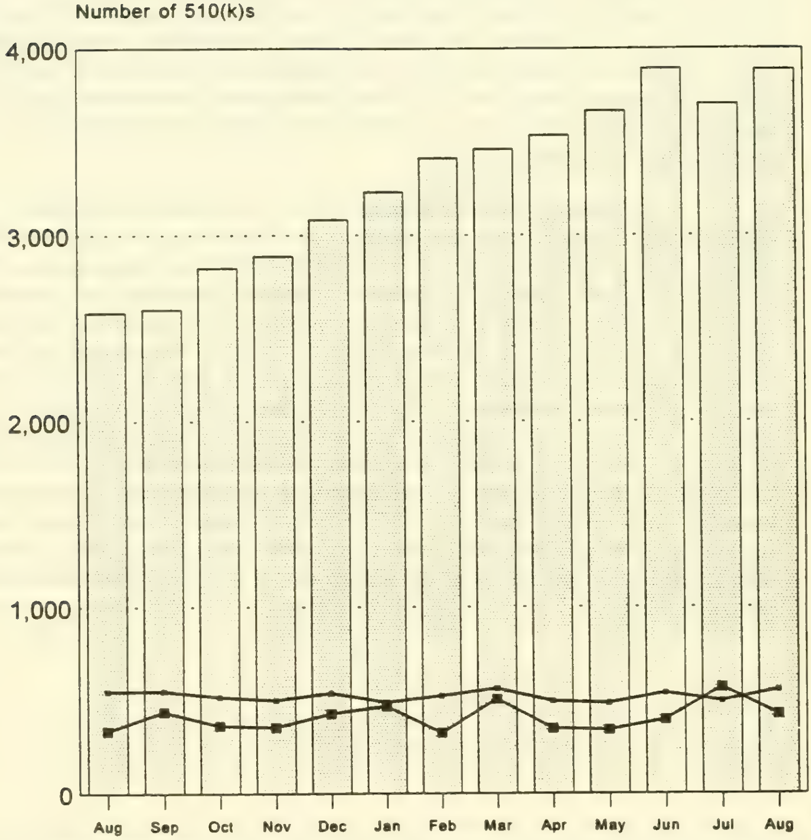
As many of you are aware, NEMA has been meeting with CDRH officials and members of the relevant authorizing committees to discuss a medical device user fee proposal which could be acceptable to all segments of regulated industry. To date, this process has yet to yield a legislative proposal; although it is our understanding that members of the House Energy and Commerce and Senate Labor and Human Resources Committees are currently in the process of drafting user fee legislation. Absent specific legislative language, NEMA will refrain from stating a position on FDA user fees at this point in time. Rather, NEMA will provide subcommittee staff with an overview of user fee discussions to date. In order to be acceptable to the NEMA membership, any user fee proposal which emerges from these discussions must include meaningful FDA performance goals within the scope of the legislation. Specific performance goals having the support of the NEMA membership include the elimination of the FDA product approval backlog within twenty-four months, and requiring final action on ninety-five percent of 510(k)'s within ninety days. Moreover, NEMA believes that, where appropriate, adequate incentives should be provided to enable FDA to meet these performance objectives. In addition, any user fee proposal should be additive rather than supplant, baseline appropriations. Finally, NEMA maintains that a sunset clause specifying the reauthorization of medical device user fees every four years should be an essential element of any user fee legislation to emerge from this Congress. NEMA believes that inclusion of a sunset clause is imperative in order to provide for proper Congressional and industry oversight and to ensure that FDA meets the performance goals set forth in the legislation.

Let me emphasize at this point that the statements set forth in this testimony should not be misconstrued to imply NEMA endorsement of medical device user fees. NEMA is neither for nor against user fees as a matter of principle. Any user fee proposal developed as a result of the current negotiations will ultimately be subject to the approval of our Division Board of Directors. The purpose of the foregoing discussion was merely to provide members of the appropriations subcommittee with an overview of the current status of negotiations with members of the authorizing committees.

Let me also emphasize at this point NEMA's unconditional opposition to the allocation of user fee revenue for deficit reduction purposes. Medical device user fees, to the extent that they are enacted, must be targeted towards continuously improving the efficiency and processes of FDA's Office of Device Evaluation. Similarly, NEMA remains strongly opposed to the use of user fee revenues for enforcement or post-market surveillance activities, other than post-market surveillance studies which may be required in conjunction with the FDA product approval process. The expenditure of user fee revenues for such purposes runs counter to the notion of linking user fee revenues to specific performance goals designed to improve and enhance the quality of FDA's product approval process.

In closing, let me reiterate NEMA's firm belief that the key to solving FDA's resource dilemma lies not only in providing the agency with an adequate appropriation, but also in ensuring that the agency manages existing resources to obtain maximum productivity. Interim steps taken by the agency to reduce the current backlog in product approvals, such as FDA's new triage policy, must be monitored regularly by the Congress to ensure that they meet the requirements of government regulators, and, most importantly, the general public's health and well-being. Aggressive Congressional oversight in this regard is warranted. As mentioned previously, many of the recommendations set forth in the Oversight and Investigations Subcommittee report, "Less Than The Sum of Parts," provide a useful starting point for both Congressional oversight and process reforms. NEMA looks forward to working with subcommittee members in the future to ensure not only that FDA is provided with an adequate resource base, but also to ensure that FDA manages existing resources wisely.

510(k) Activities



	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Under Review ☐	2,582	2,599	2,823	2,887	3,082	3,231	3,412	3,460	3,534	3,663	3,891	3,700	3,885
Received* —•—	548	551	519	501	539	490	524	563	496	485	539	497	555
Logged Out* —■—	337	440	365	356	428	469	325	507	349	341	396	570	425

1992-1993

(from ODE Report 5)

*data reflects each month's close of business total, therefore annual totals, based on monthly data above, are not equivalent to ODE annual report

DRAFT 10/13/93
EXHIBIT A

G★M★A
GROCERY MANUFACTURERS OF AMERICA

Statement of

STEVE ZILLER

Vice President, Science and Technology

GROCERY MANUFACTURERS OF AMERICA, INC.

before the

SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT,
AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

on

FDA USER FEES

March 16, 1994

1010 Wisconsin Avenue, N.W. ★ Suite 900 ★ Washington, D.C. 20007 ★ 202/337-9400 ★ FAX 202/337-4508

Statement of

STEVE ZILLER

Vice President, Science and Technology

GROCERY MANUFACTURERS OF AMERICA, INC.

Mr. Chairman and Members of the Committee, I am Steve Ziller, Vice President, Science and Technology of the Grocery Manufacturers of America, Inc. (GMA).

GMA is an 86-year old national trade association comprised of more than 130 companies which manufacture food sold in retail stores throughout the United States. Member companies employ over 2.5 million people nationwide and have annual sales in excess of $360 billion that represent more than 85 percent of the packaged food sold at retail in the United States.

We appreciate the opportunity to comment on the FDA budget for 1994 and, in particular, our views about user fees for the food industry. With regard to the FY 1995 appropriations, although a targeted amount has been set for user fees, for now our comments will focus on the concept of user fees and not the allocation.

GMA has always been a proponent of the public health goal that the FDA should be strong and effective. In the last few years, Congress has enacted legislation giving FDA new authority in areas such as nutrition labeling, prescription drugs, medical devices and generic drugs, adding to the agency's already broad mandate. Unfortunately, additional adequate resources have not been provided. All of these new programs have been requested by Congress to provide a public benefit. Therefore, Congress must find the resources to adequately fund these programs.

Shifting the costs of these programs to the regulated industry, however, is not in the public interest. That is why GMA strongly opposes the imposition of FDA user fees on the food industry. User fees would constitute an inappropriate tax on products essential to the health and well-being of the American public. In practical effect, user fees would constitute a federal sales tax on food products, which would ultimately be passed on to the consumer.

User fees for food regulation have been under discussion for a number of decades. In 1947, Congress actually enacted a user fee on meat inspection. In 1948, this was repealed because of public outcry that government programs should be paid for with government funds. In 1971, the General Accounting Office published a report recommending that fees be imposed for new drug applications. FDA opposed user fees at that time, on the grounds that regulation benefits the entire public and not just individual companies. Although Congress and FDA subsequently have debated the merits of this approach, the notion of imposing user fees to finance FDA regulation of food products had never been proposed until only a few years ago.

1992 USER FEE LEGISLATION FOR DRUGS

User fees by definition are intended to reimburse agencies for the particular benefits they provide to regulated companies. The Prescription Drug User Fee Act of 1992 comports with these standards by imposing a fee for each new drug application and a yearly fee for each approved prescription drug product and each establishment in which an approved prescription drug is manufactured.

The 1992 Act included assurances that user fees would be dedicated to improving the new drug approval process rather than used as another source of general operating revenue for the Agency. It was explicitly based upon FDA performance objectives for improvement in FDA review of new drug applications, supplemented by the express statutory requirement that user fees may only be used to supplement existing FDA appropriations. Taken together, these provisions are supposed to ensure that pharmaceutical companies will reap a tangible and immediate economic benefit from the substantial user fees levied under the law. The jury is still out on whether the law is working as intended.

The 1992 Act also established an important principle of the application of user fees -- that the funds collected be specifically applied to the agency programs that generated them. In brief, user fees should not be a deficit reduction device. GMA endorses that principle.

USER FEES FOR FOOD PRODUCTS ARE INAPPROPRIATE

The logic of user fees for prescription drugs does not, however, carry over to food products subject to FDA regulation. Food products generally are not subject to premarket approval requirements. They are manufactured and marketed without the registration of manufacturing and distribution establishments, or the listing of individual food products, with FDA. Food products are therefore regulated in ways that are fundamentally different from FDA review of new drug applications.

First, FDA principally regulates food by taking regulatory action against adulterated and misbranded products. FDA responsibilities in the food area are largely dedicated to enforcement activities which benefit the public at large and which therefore are properly funded out of general revenues. FDA acts like a policeman, bringing enforcement action against companies that violate the law. User fees for food products would therefore be like user fees for all citizens to pay policemen and firemen.

Second, in the absence of a premarket approval procedure such as that used for prescription drugs, it is not feasible to develop FDA performance objectives for enhancing Agency activities that provide direct benefits to the food industry. User fees would simply be an additional tax on food products, to be passed on to the consumer in the form of higher food prices.

Third, the imposition of user fees in food companies would encounter serious practical difficulties. Unlike drug companies which are subject to FDA registration and product listing requirements, there is at present no way to identify all of the hundreds of thousands of food establishments and food products for which user fees might be imposed.

New registration and listing requirements would only add further costs for both FDA and the food industry. Unlike new drugs, food manufacturers may change product formulas on a daily basis, thus creating "new" products all the time. A user fee for products would therefore be a virtual impossibility.

Finally, implementing such a proposal would take 1 to 3 years. The user fee proposal in the FY 1995 budget would not be real money for the Food and Drug Administration in the upcoming fiscal year.

In conclusion, GMA opposes any efforts to extend the user fee concept to the food industry. GMA remains committed to a strong FDA. Congress, however, must establish the agency's public health priorities and provide the funds to do the job.

CROP INSURANCE PROGRAM

WITNESS

MICHAEL J. CONNEALY, REPRESENTATIVE, RURAL COMMUNITY INSURANCE SERVICES

Mr. DURBIN. The next witness is Michael Connealy, with the Rural Community Insurance Services.

Mr. CONNEALY. Thank you, sir.

Mr. DURBIN. Your statement of five pages will be included in the record, and if you would like to highlight it, we would appreciate it.

Mr. CONNEALY. Okay, we will just summarize a little bit, Mr. Chairman and members of the subcommittee.

On behalf of the Rural Community Insurance Services, we appreciate the opportunity to testify before the subcommittee in support of continued appropriation for Federal Crop Insurance Corporation for fiscal year 1995, and ask that the appropriation be at least equal to that of the 1993 appropriation.

We are a wholly-owned subsidiary of the Norwest Corporation which is a bank holding company, and we consider this program vital to the well-being of the rural communities who are relying on farmers for crop production from coast-to-coast and border-to-border.

I think we'll limit our oral testimony to a couple of areas. I know there's a crop insurance reform package working through the system, and that sort of thing. We're under the assumption, or we are testifying under the assumption that that may pass, it may not pass, for our testimony, we are not going to worry about the new bill. We want to look at the program the way it exists today, and focus in on a couple of problems, both of which have appropriation implications.

The first problem we see is that our farmers will be facing an initiative called a loss ratio initiative of 1.1 for fiscal year 1995.

We believe that we need to define and soften that initiative so that farmers in 1995 who have suffered through either the 1988 drought, the 1993 flood, or an equally similar experience, although maybe not as well publicized, have some protection against an unencumbered 1.1 initiative.

The plight of those people that lived through those disasters should be sufficient curse without an additional blow from a coverage or a rate standpoint, and we believe that that needs to be looked at very carefully for 1995.

The second issue of concern is on our risk-bearers. We happen to be a sales organization, more or less a middle person. We're not particularly involved, dollar-for-dollar, on the underwriting side. That business is basically seeded into the reinsurance market.

In the past, it's been popular to denigrate the ability of the private sector to absorb losses. In 1993, the companies for which we sell multiple-peril crop insurance have incurred an underwriting loss in excess of $22 million on our business alone.

We believe that that loss is significant, and will effect their ability to underwrite this program, and to participate in this program for the next several years.

We're asking that the standard reinsurance agreement for FCIC for 1995 consider the catastrophe implications of the program, and more fairly distribute losses versus gains. If that does not happen, we believe the private sector risk-bearers will have little incentive or reason to embrace the program, and will in fact leave the program from a risk-bearing standpoint.

I think that summarizes in a nutshell our viewpoints of the critical issues—one being the 1.1 loss ratio initiative, and second, being a mechanism to allow the reinsurers and risk-bearers who incurred the 1993 loss some mechanism to recover those losses over time.

Mr. DURBIN. We were told the other day in another group—Mr. Skeen and I serve on a disaster task force—that reinsurance is not basically an actuarily sound industry, that in general, what happens in a year when you will have a bad experience is that the reinsurance company alerts all the primary insurers that next year, your rates are going up to get us well again.

Mr. CONNEALY. Yes, ours have gone up 400 percent over the last two years alone.

Mr. DURBIN. Because of loss experience.

Mr. CONNEALY. Not just the crop insurance loss experience, Hurricane Andrew, Eniki over in Hawaii, earthquakes. We are very much subject to the world reinsurance market, and then supply and demand.

Right now, the supply of reinsurance does not equal the demand so the prices drop.

Mr. DURBIN. Well, we're in a state of big transition here, obviously, when it comes to crop insurance. I don't know if you want to address the administration's proposal, but there are parts of it which I would like your reaction to.

Mr. CONNEALY. Okay, we would be happy to comment on any of it.

Mr. DURBIN. Okay, then you're on. Let me ask you a question or two. [Laughter.]

Mr. CONNEALY. I didn't want to offer anything.

Mr. DURBIN. You didn't want to lead with your chin. All right. Let me just say as well that the 1.1 that we're using here came out of this subcommittee, and has become written now and everyone has put it in, and I think we should say for the record that 1.1 is not actuarily sound. Anything above one is not, so we are talking about a federal crop insurance program that is designed to still lose money. We are just hoping to cut our losses. That's what we're trying to do here, at minimum.

Mr. CONNEALY. We believe that 1.1 or 1.0, you can set a target but from the farmer standpoint, we need to take out the catastrophe here or it is never going to be affordable.

For instance, in Minnesota, we're paying out $7 for every dollar of premium, and it's been historically one of our better states.

Mr. DURBIN. Yes.

Mr. CONNEALY. If that seven years of losses essentially is loaded into the base rate for 1995, then you can see how his premium will spike up, and his coverage go down at the same time, and that's why we say a better-defined 1.1——

Mr. DURBIN. But our premise was going after those crops on those farms in those counties that had suffered losses 70 percent of the time or more.

I mean, we were dealing with more than just one year of catastrophe. We were dealing with a catastrophic situation.

Mr. CONNEALY. That wasn't my understanding. My understanding was it was a classification system.

Mr. DURBIN. Right.

Mr. CONNEALY. But it also included a tie-in to a more undefined 1.1.

Mr. DURBIN. All right. Well, we will work on this some more, but I want to ask you one question in reaction to the administration plan, because you said at one point in your testimony, all risk crop insurance simply remains too great a commercial hazard for private insurance companies to undertake alone.

Is that statement valid and true with the administration's proposed base crop insurance—$50 premium per crop, $100 per farm, covering losses in excess of 50 percent, 65 percent of their value—I'm going to lose it here, but you catch my drift.

If that is in place, government responsibility, what then can you tell me about the potential of a commercial insurance market, all risk crop insurance?

Mr. CONNEALY. The commercial market is a bona fide outlet for risk and delivery on what we would call normal losses, meaning the typical crop year.

Once we get above a certain level of loss on crop insurance, you spike into the stratosphere for commercial business. Like I said, in Illinois in 1988 I believe we were a thousand percent. That doesn't happen in the private sector. That's a catastrophy much too great for the private sector to absorb.

The reason being is that if we have a drought in Illinois, every single exposure unit can have a loss. Even Hurricane Andrew just hit a strip of Florida, narrow, and it adversely affected thousands of exposure units where it hit, but most of Florida was untouched.

If we have drought insurance in Illinois, we potentially can have a loss on every farm. That's where you leave the commercial venue when you get out of that normal loss which is plus or minus, say, 30 or 40 percent from the 1.1, and into a catastrophy situation.

So if you reduce and define what's the catastrophe, and then use the government as a reinsurer on that, yes, the private sector can play a much larger role in the bottom sectors.

Mr. DURBIN. I was only going to ask one question but one leads to another.

If I want to get lower automobile insurance, I usually agree to pay a higher deductible. What we're talking about here, as I understand it, with the federal crop insurance program, is that from the viewpoint of the second insurance liability here, the first insurance liability being the federal government, we are saying to the commercial insurers, we're going to pick up the front end of this.

We're going to pick up the deductible. You aren't going to be in for the first dollar. There's going to have to be a pretty substantial loss before you're in.

Now, what you're saying is that's half the problem. The other half is——

Mr. CONNEALY. Everything gets hit. We don't have that capacity.

Mr. DURBIN. If it goes way beyond our capacity to insure.

Mr. CONNEALY. Yes.

Mr. DURBIN. And I suppose the only answer from the administration is there is an option with an extraordinary vote to come in with disaster assistance at some level, so you might be limiting your losses even in the commercial insurance here, in not leaving them open-ended.

There is more to be said on this issue, but obviously we've got a lot of things to wrestle with here.

Mr. CONNEALY. Yes, sir.

Mr. DURBIN. I appreciate your coming. Mr. Skeen?

Mr. SKEEN. Thank you, Mr. Chairman, and Mr. Connealy, thank you for being here.

Let me ask you a question, and I'm sure that you've seen the administration's proposals that we've been working on.

Mr. CONNEALY. Yes, sir.

Mr. SKEEN. And is your main problem with the disaster situation that it is not covered by actuarial tables and never has been? Is that not correct?

Mr. CONNEALY. That's a problem with it.

Mr. SKEEN. A problem with it. Is that the worst problem?

Mr. CONNEALY. No, my really——

Mr. SKEEN. Give me a——

Mr. CONNEALY. The worst problem we have is the details. You know, the war in crop insurance is always waged in the details. We have a bill that has left quite a little bit open for administrative writing afterwards, and we can't tell exactly what do we mean here, or what do we mean there.

We need more detail before we——

Mr. SKEEN. So there are some problems because of details that are not covered or not mentioned.

Mr. CONNEALY. In the reform package?

Mr. SKEEN. In the reform package.

Mr. CONNEALY. We have several problems with the reform package on details.

Mr. SKEEN. Are you going to offer us a critique on them?

Mr. CONNEALY. I would——

Mr. SKEEN. Is your association willing to do that?

Mr. CONNEALY. I will have one written up and will deliver it.

Mr. SKEEN. We would like to have it.

Mr. CONNEALY. We could deliver it within minutes.

Mr. SKEEN. Well, don't let the egg overcook. [Laughter.]

Mr. CONNEALY. I appreciate being asked, and yes, we have that.

Mr. SKEEN. Well, I think we would like to have that input.

Mr. CONNEALY. Super.

Mr. SKEEN. Thank you, sir. Thank you.

Mr. DURBIN. Mr. Myers.

Mr. MYERS. No questions.

Mr. DURBIN. Thanks for joining us.

Mr. CONNEALY. Thank you.

[The information follows:]

STATEMENT OF

MICHAEL CONNEALY

RURAL COMMUNITY INSURANCE SERVICES, INC.

BEFORE THE

SUBCOMMITTEE ON RURAL DEVELOPMENT, AGRICULTURE AND RELATED AGENCIES, COMMITTEE ON APPROPRIATIONS, HOUSE OF REPRESENTATIVES

March 16, 1994

Mr. Chairman and Members of the Subcommittee:

On behalf of Rural Community Insurance Services, Inc., we appreciate the opportunity to testify before this Subcommittee in support of continued appropriation for the Federal Crop Insurance Corporation (FCIC) for fiscal year 1995 of not less than its appropriation for fiscal year 1993. Rural Community Insurance Services is a wholly-owned subsidiary of Norwest Corporation, a bank holding company. Norwest considers this program vital to the well being of rural communities reliant on crop production from coast to coast and border to border.

The adverse weather of 1993 has diminished the net worth of our nations' farmers and increased their need for a viable crop insurance program to secure private sector and government assisted operating loans for the 1994 planting season. This Subcommittee's action should be responsive to their needs.

We believe a viable crop insurance program requires farmers to pay a reasonable premium for a meaningful amount of coverage and agents and risk bearing insurance companies to earn a reasonable return on their investments in capital and time. In this scenario, it is the government's function to protect taxpayers by ensuring compliance with all contracts, regulations and procedures and by setting rates and coverages with a defined, reasonable actuarial target. In this regard, the FCIC must keep in mind that catastrophes such as the 1988 drought and the 1993 flood can only be addressed on a long-term actuarial basis, not on a short-term financial basis. If the FCIC is forced to choose the latter route and "load" catastrophic losses into the base rate, farmers will not be able to buy sufficient and affordable coverage. If the FCIC, after last year's losses, must have a 1.1 loss ratio in the 1995 crop year, farmers who are expecting a "reformed and improved" crop insurance program will be greeted, instead, by substantially higher premiums and equally offensive low levels of coverage. And, thousands of farmers whose only "offensive" was to experience the 1988 drought, the 1993 flood or a similar albeit less publicized event, will suffer as much from the Government's "cure" as from nature's curse. This Subcommittee, we are sure, recognizes the plight of those who lived through the 1988 or 1993 disasters and soften the blow that will otherwise hit them in the 1995 growing season.

Rural Community Insurance Services is a managing general insurance agency engaged in the sale and service of multiple peril crop insurance. In that capacity, we are responsible for compliance with the terms and conditions of the FCIC's Standard Reinsurance Agreement ("SRA") and a plan of operation the FCIC approves before we may sell policies that it reinsures. Of course, we must also comply with the FCIC's regulations and procedures. This year we expect to sell approximately $190 million in premium of crop insurance insured and reinsured by the FCIC.

In considering this year's appropriation for the FCIC, we believe that the history of the federal crop insurance program offers a guidepost to the appropriations that should be made. In 1947, in Federal Crop Insurance Corporation v. Merrill, 332 U.S. 380, the United States Supreme Court noted:

> "Judging from the legislative history of the Act, the Government engaged in crop insurance as a pioneer. Private insurance companies apparently deemed all-risk crop insurance too great a commercial hazard...But this does not affect the legal issues. It merely underscores the fact that the undertaking by the Government is not an ordinary commercial undertaking...."

Those words are as true today as they were then. All-risk crop insurance simply remains too great a commercial hazard for private insurance companies to undertake alone. The risk of loss and the opportunity for gain in all-risk crop insurance are not "ordinary commercial" risks; the premiums charged are not "ordinary commercial" premiums; the losses historically suffered are not "ordinary commercial" losses; and the costs of administration are not "ordinary commercial" costs.

For this reason, the multiple peril crop insurance program always has been and must remain an insurance program, in part, and a federal domestic assistance program, in part. Federal domestic assistance is essential if farmers are to be protected against catastrophes such as the 1988 drought and the 1993 flood and if commercial insurers are to participate in the program as mandated by Congress. Commercial companies alone cannot insure and reinsure catastrophes of biblical proportion and, indeed, risks of those proportions are not true insurance risks. It is those very risks that remove the federal crop insurance program from the realm of an "ordinary commercial undertaking."

The fact that the federal crop insurance program is not "an ordinary commercial undertaking" is the reason that the program is listed in the Catalogue of Domestic Assistance and that the SRA is a cooperative agreement within the meaning of the Federal Grant and Cooperative Agreement Act. Under that Act, an agency must use a cooperative agreement (rather than a procurement contract or grant) when "the principal purpose of the relationship is to transfer a thing of value to the...recipient to carry out a public purpose of support or stimulation authorized by a law of the United States instead of acquiring...property or services for the direct benefit or use of the United States Government" and when "substantial involvement is expected between the agency and the recipient." Thus, under the SRA, the FCIC is required to transfer to its contractors sufficient funds to carry out the public purpose of stimulating the sale and service of multiple peril crop insurance as authorized by the Federal Crop Insurance Act and assuming the insurance risks that are attendant to those sales.

The use of the private sector to foster a public purpose is mandated by the Federal Crop Insurance Act and is consistent with public policy. First, the Federal Crop Insurance Act itself requires the FCIC to use independent agents and private insurers to carry out the public purposes of the federal crop insurance program. Moreover, to ensure the plenary role of the private sector, the Federal Crop Insurance Act limits the number of employees the FCIC may have. Assumedly, those employees are to be engaged exclusively in "inherently governmental functions" as the Office of Management and Budget has defined that term, which functions cannot be performed by the private sector.

In this regard, since the passage of the Omnibus Budget Act of 1921, it has been the Government's policy to employ the private sector for functions that are not defined as "inherently governmental functions." The services we provide, such as insurance sales; data processing, transmittal and storage; and training and loss adjustment, are not "inherently governmental functions" under OMB policy. Instead, they are commercial activities as, again, OMB has defined that term.

Except for certain loss adjustment expenses, the 1994 fiscal year Appropriations Act limited the expense reimbursement that the FCIC may make to its contractors to 31 percent of their gross premium, irrespective of the expenses those contractors were required to incur to comply with the SRA and the FCIC procedures and regulations. This cap, if continued, will limit the investment that contractors make in their businesses because such investments cannot be made without a return on capital. Equally important, the cap will limit the FCIC's discretion to add new requirements to its 1995 SRA because additional work cannot be performed without compensation.

For example, is a company required to invest in software improvements that will facilitate the FCIC's performance of its responsibilities if the cost of that investment will eliminate the company's last dollar of profit and is not reimbursed? Is a company required to comply with a new procedure the FCIC implements at mid-term in the contract if the cost of compliance, if not reimbursed, would require the company to expend more than 31 percent of premium? How can program initiatives be advanced when no money is made available?

In this regard, on February 24, 1994, the FCIC amended its fig policy. We received those amendments on February 25. The fig policy had a sales closing date of February 28, 1994. Accordingly, we had three days to duplicate the amendments, instruct our agents, transmit the amendments to our insureds, advise them of the elections available to them and obtain signed waivers with respect to the elections they did not choose. There is simply no reason why we should not be reimbursed for the unbudgeted costs we incurred here and incur under similar circumstances throughout the year. In short, whether performed by a contractor or the Government, services cannot be provided in excess of the money available to pay for those services.

Because the statute caps contractors' revenues while the SRA leaves their expenses open-ended, the Act's imperative to use the private sector is undermined. The statutory cap contradicts the mandate of the Federal Grant and Cooperative Agreement Act which requires the FCIC to transfer "a thing of value" to its contractors so they may foster the crop insurance program. And, the statutory cap contradicts OMB policy because it hinders performance by private contractors of private sector functions.

In the past few years, the FCIC has reduced its expense reimbursement almost 10 percent while at the same time it has increased the responsibilities of its contractors. Indeed, the FCIC frequently increases its contractors work load during the term of the contract and without any price adjustment. This erosion of contract sanctity and private sector stability is contrary to the government's own regulations and inconsistent with the FCIC's proposed crop insurance reform package which contemplates strong private sector involvement.

Thus, we urge the Subcommittee to remove the 31 percent statutory cap imposed in last year's Appropriation Act and return to the FCIC the discretion it requires to administer properly the federal crop insurance program. Viable contractors are needed for the FCIC to deliver the federal crop insurance program.

As regards to risk bearing, in 1993, the companies for which we sell multiple peril crop insurance lost a material amount of policyholder surplus as a result of the weather in the midwest, an area we all thought to be safe from such overwhelming calamity. That loss, in excess of $20 million on our business alone, combined with the losses the companies suffered from the 1988 drought, wiped out all of the underwriting gains from all of the years as a risk bearing partner of FCIC and left then with a significant negative net underwriting result for the entire history of the program.

We know it is popular among some, including this subcommittee, to denigrate private insurers by comparing the FCIC's losses in dollars to the private sector's losses in dollars but that comparison is not valid. In short, the current SRA does not fairly distribute losses-vs-gains. First, an insurance company's surplus is finite. Second, insurance companies must compete in the financial markets against all other insurers of debt and equity securities, including the Government, for the investment capital that will comprise its surplus. Net negative underwriting results repel investors and reinsurers. Third, a reduction in surplus reduces the risk a company can assume. By reducing their risk of loss, however, companies also narrow their opportunity for gain. As a result, lost surplus is only recouped gradually over many years, if at all, and during that period, less risk can be assumed by the private sector.

Because the SRA is presently skewed against the private sector risk bearers, insurance companies and reinsurers have little incentive to embrace this program. There are simply too many other opportunities available for commercial risk bearing. Moreover, and apart from their own surplus, companies are finding it more and more difficult to reinsure multiple peril crop insurance in the commercial marketplace. Reinsurance is now available only for a narrow band of loss and even then, only at very high prices. Indeed, the current cost of reinsurance alone almost guarantees that contractors cannot have an underwriting profit under so-called normal weather conditions.

Premiums for private reinsurance have soared 400 percent in the past two years alone.

We believe that most of the criticism that reinsured companies have not assumed a fair share of losses is simply not justified. Reinsured companies can only underwrite insurance risks. They cannot underwrite the catastrophe losses that require the federal crop insurance program to remain, in part, a domestic assistance program.

Actual, allowable allocable costs should be reimbursed and a reasonable profit paid in accordance with customary Government practice to stimulate efficient performance, attract the best capabilities of business concerns and maintain a viable commercial base. Once again, we reiterate our belief and hope that this subcommittee fund this program at the level necessary to deliver the sales and services mandated by the law.

We appreciate the opportunity to appear before the Subcommittee.

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ANALYSIS OF THE FEDERAL CROP INSURANCE PROGRAM ACT OF 1994

PREPARED FOR

THE NATIONAL ASSOCIATION OF CROP INSURANCE AGENTS

AND

RURAL COMMUNITY INSURANCE SERVICES, INC.

The Federal Crop Insurance Reform Act of 1994 represents another effort to eliminate ad hoc disaster payments. The Reform Act would replace those discretionary payments with guaranteed payments of catastrophic risk protection coverage to producers who applied to a local government office or private agent, paid a modest administrative fee, and suffered a 50 percent loss in yield coverage. They would be indemnified at 60 percent of the expected market price. Additional levels of protection would be available only from agents.

At the same time, the Reform Act would also vest new authority in the Secretary, transferring to that Office judgments that were previously made by the Congress and embodied in statute and judgments that were entrusted to the Board of Directors of the Federal Crop Insurance Corporation ("FCIC").

The FCIC's solution to the problem of disaster payments brings a host of new problems and their solutions have their problems. Thus, the Reform Act, in its totality, is a hodgepodge of rubber bands and bolsters, balusters and glue holding together a statutory structure whose angles are not right and whose joints do not meet. The structure tilts acutely against private agents and insurers and, if it collapses, it is upon them that it will fall.

I. THE OFFER OF INSURANCE

The Federal Crop Insurance Act presently names each peril against which loss is protected. Thus, at the time of the purchase and sale of a crop insurance policy, the policyholder, the agent and the insurer know the insurable causes of loss covered by the policy. Under the Reform Act, however, insurance coverage will be available for losses due to "drought, flood or other natural disasters as determined by the Secretary." In other words, each year, as of the sales closing date, the policyholder, the agent and the insurer may not know whether a policy would protect against such perils as hail, wind, frost, fire, excessive rain, tornado, insects or plant disease. Whether those causes of loss are insured causes of loss would be left to the sole discretion of the Secretary without any statutory guidelines requiring a particular decision.

In this regard, the Reform Act, like the current law, permits the deletion of fire and hail coverage provided it is purchased commercially. However, because at the sales closing date the Secretary may not have declared fire and hail to be covered causes, there could be no coverage to delete. Thus, the Reform Act forces producers to purchase fire and hail insurance separately, a sharp reversal of current public policy.

A number of undesirable consequences can flow from unfettered Secretarial discretion. For example, the Secretary can declare causes to be covered to curry political favor or may decline to declare a cause covered for budgetary reasons or to force Congress to revert to disaster payments. Concomitantly, insurers might seek to have causes of loss not declared insurable to protect diminishing surplus or to have causes of loss declared insurable to increase sales.

The Reform Act should contain the current laundry list of all insurable causes and, like the present law, leave it to the Board of Directors to supplement that list. The more officials empowered with such discretion, the less likely it is that such discretion will be abused.

II. CATASTROPHIC RISK PROTECTION

As a condition for participation in any Department of Agriculture benefit program for any crop or any loan program, a producer must obtain catastrophic risk protection. The scope of such coverage, however, is confused. New section 508(b)(5) states that if a producer's crop on any land in the county is covered, that crop on all of the producer's insurable land in the county must be covered. On the other hand, new section 508(b)(6) states that to qualify for any price support or loan program, catastrophic risk protection must be obtained only on any crop that has contributed or is expected to contribute 10 percent or more of the total expected value of all the producer's crops. While these formulas may not be mutually exclusive, one should be selected.

Catastrophic risk protection covers a 50 percent loss in yield, on an area or individual yield basis, when both options are offered by the FCIC, indemnified at 60 percent of the expected market price (i.e., coverage for a 30 percent loss) or a comparable coverage as determined by the FCIC.[1] Producers may elect an individual yield and loss basis or an area yield and loss basis. Coverage includes losses due to prevented planting.

The cost of catastrophic risk coverage is $50 per crop per county, not to exceed $100 per producer per county. The producer is to pay the fee at the time of application to the United States Department of Agriculture ("USDA") or the agent. The fee is to be waived in the case of limited resource producers or refunded upon the purchase of additional protection. Assumedly, any monies collected will be required to be remitted to the FCIC for deposit in the United States Treasury because the funds collected will only be available for salaries and expenses upon appropriation.

Finally, if a producer applies for catastrophic risk protection from a USDA office and then elects to purchase additional coverage, the USDA office will have to transfer the producer's file to the agent. In this regard, and for all levels of coverage, the producer is required to:

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[1] The Reform Act creates a noninsured assistance program to provide coverage "equivalent to" catastrophic risk protection for crops for which such protection is not available. This program is discussed below, in section IX.

(1) purchase insurance by the sales closing date;

(2) provide acceptable records of previous acreage and production or accept a determined yield; and

(3) report acreage planted and prevented from planting by the acreage reporting date.

The Reform Act's provisions for catastrophic coverage are cumbersome.

First, if a producer does not apply for catastrophic risk protection on a crop because it had not contributed and was not expected to contribute 10 percent of the value of all of the producer's crops, but, in fact, the crop does come to represent that value, what happens? Second, the Reform Act does not state what degree of loss in an area triggers catastrophic protection. Third, giving a producer a choice of individual coverage or area yield coverage invites adverse selection. Fourth, the actual cost and potential liability of processing applications for catastrophic coverage on an individual yield basis is too great for the compensation allowed. Indeed, even on an area coverage basis, the producer's administrative fee will not be adequate compensation for the ministerial functions described below or for the separate costs of loss adjustment. Fifth, requiring the physical handling of tens of thousands of checks by government employees and independent agents and the preparation and recordation of receipts for each of those checks is an auditor's nightmare. Sixth, requiring government offices to transfer their policy folders to private agents in advance of the sales closing date is impossible. Producers may not apply for catastrophic protection until too late or may not decide until too late to purchase increased protection. And, under the best of circumstances such ministerial functions often are left undone or done improperly. Seventh, what is the cost of refunding the $50 administrative fees to the producers who buy higher levels of coverage and to whom will it be left to process the complaints when those fees are not timely or properly reimbursed?

It is no answer to the sixth objection that a producer who procrastinates will have to suffer the consequences of underinsurance; that answer merely invites a return to disaster payments. Nor is it an acceptable answer to permit government offices to sell all levels of protection in order to lessen the bureaucratic entanglements that the bureaucracy proposed. This answer undermines the long-standing government policy of using the private sector to perform the Government's commercial functions.

Catastrophic risk protection should be limited to area coverage and the Reform Act should specify the amount of damage to a county that triggers the catastrophic risk coverage just as the Reform Act establishes such a trigger for noninsured assistance payments. All producers who suffer a loss equal to or more than the trigger amount should receive 100 percent of their catastrophic coverage and those whose crops suffered less should receive a proportional lesser amount. Again, similar provisions are made for noninsured assistance payments.

Moreover, in the event a county is declared eligible for catastrophic risk protection, the FCIC should reimburse the actual costs of loss adjustment in that county. Finally, payment should not be collected at the time of application. Indeed, until the application is accepted, there is no insurance for which to pay. The charge for catastrophic protection should be billed as any other crop insurance premium.

III. THE DUAL DELIVERY SYSTEM

The Reform Act creates a USDA delivery system on the theory that producers who only want catastrophic protection will object if required to visit an agent and listen to a "sales pitch" and that their objections will be so loud and numerous so as to undermine a single delivery system and, thereby, the entire crop insurance program. The government also believes that there are areas in which private agents will not deliver insurance because it will not be economical for them to do so.

The government's rationale is flawed. First, producers can tell agents they want only catastrophic protection and thus end any "sales pitch" before it begins. Second, it is in the public interest for producers to visit agents and be captive to their "sales pitch." Catastrophic protection alone simply does not pass the suitability test. Catastrophic protection does not secure a loan; it does not cover annual operating costs; and it does not protect against bankruptcy. In short, federal crop insurance exists because catastrophic protection is not a prophylactic. Indeed, if catastrophic protection was adequate, why is each USDA office going to have available for distribution the names of all crop insurance agents in the county?

Finally, and notwithstanding the USDA's own estimates, we believe it will cost approximately $250 million to develop and train a federal sales and loss adjustment force. Certainly, for far less the FCIC could make it economically feasible for private agents to sell and service multiple peril crop insurance in those counties where the delivery system may be inadequate. For far less, the FCIC could train federal agents and adjustors just in those counties that are not adequately served. And, perhaps for less, the FCIC could buy the farms of those producers who want crop insurance but absolutely have no way to buy it.

Apart from the long-standing public policy against a dual delivery system, which RCIS and NACIA documented in their respective testimony to the Subcommittee on Appropriations for Agriculture, is the fact that a federal delivery system and the private delivery system will not be audited by the same government offices applying the same standards. In this regard, it may reasonably be inferred from the conduct of the Compliance Division and the Appeals Branch that there is, in the FCIC, a philosophic antagonism towards the private sector. Under these circumstances, any comparison of the two delivery systems will suffer from an institutional prejudice that, like any prejudice, is simply unacceptable and will redound to the private sector's permanent detriment.

IV. CROP INSURANCE COVERAGE

A. Levels of Coverage

The Reform Act gives producers the option of purchasing additional coverage based on an individual yield and loss basis or on an area yield and loss basis, when both options are offered, at 65 percent or more of the recorded or appraised average yield and 100 percent of the expected market price, or an equivalent coverage. The level of coverage is to be dollar denominated and may be purchased at any level not to exceed 85 percent of the individual yield or 95 percent of the area yield as determined by the FCIC.

The Reform Act requires the FCIC to establish a price level for each commodity on which insurance is offered that -

(1) is not less than the projected market price, as determined by the FCIC; or

(2) may be based on the actual market price at the time of harvest, as determined by the FCIC.

Insurance coverage shall be equal to less than the level the FCIC so establishes and shall be quoted in dollars per acre.

B. Premiums

The Reform Act requires the FCIC to establish premiums at a level sufficient to attain an expected loss ratio of not greater than 1.1. As to each level of coverage the Reform Act states:

(1) For catastrophic risk coverage (*i.e.*, 30 percent coverage), the amount of premium is to cover: (a) anticipated losses; and (b) a reasonable reserve. The FCIC is to pay the entire premium.

(2) For levels of coverage less than 65 percent of the yield and 100 percent of the market price but more than catastrophic risk coverage (i.e., coverage between 31 percent and 64 percent), the premium is to cover: (a) anticipated losses; (b) a reasonable reserve; and (c) operating and administrative expenses which are to be less than the expenses allowed for the highest level of coverage. The FCIC is to pay the premium share covering the amount of premium established for catastrophic risk protection plus (b) and (c).

(3) For 65 percent and higher levels of coverage the premium is to cover: (a) anticipated losses; (b) a reasonable reserve; and (c) operating and administrative expenses as determined by the FCIC on an industry-wide basis as a percent of the total premium. The FCIC is to pay the premium share covering a 50 percent loss in yield indemnified at 75 percent of the expected market price plus (b) and (c).

The Reform Act establishes expense reimbursements for insurance with levels of coverage between 31 percent and 64 percent at a lower rate than for coverage at the 65 percent level so that the FCIC may penalize agents who sell 31 percent coverage to a producer who intended to buy 30 percent catastrophic coverage. Under such a sale, the producer's $50 administrative fee would be reimbursed and the agent would earn a full commission. Thus, the Reform Act creates a formula for the reimbursement of operating and administrative expenses to prevent agents from selling the very coverage that the Reform Act creates and authorizes them to sell.

The cost of selling and servicing a policy providing 64 percent coverage is no different than the cost of selling and servicing a policy providing 65 percent coverage or a policy providing 35 percent coverage and, yet, by law, the reimbursement on the former must be lower than the reimbursement on the latter. In addition, the Reform Act contains no formula for calculating expense reimbursements at the lower level of coverage, whereas at the higher level, expenses are to be determined on an "industry-wide basis," whatever that term means and however those expenses are to be calculated. Will companies that spend six percent of premium on loss adjustment be reimbursed for only five percent if that is the amount determined on an "industry-wide basis"? Will companies that pay an average commission of 16 percent get a windfall if the "industry-wide basis" is 18 percent?

Compounding this matter and, indeed, complicating the entire issue of insurance delivery and contract compliance is a new section 508(d)(3) which states:

> "If a private insurance provider determines that it may provide insurance more efficiently than the expense reimbursement amount set by the Corporation, the private insurance provider, if approved by the Board, may reduce the premium charged the insured by the amount of such efficiency. Any such reductions shall be subject to the rules, limitations and procedures established by the Corporation."

This section invites contractors to shortchange amorphous but crucial components of contract responsibilities, such as compliance, and rewards them with increased market share if they are successful. At the same time, the section requires the FCIC to ferret out and negate, by new procedures and regulations, every shortcut a contractor might invent. This is a battle of wits the FCIC will lose sufficiently often to distort the marketplace and sully the reputation of all of its contractors.

The Federal Acquisition Regulation establishes a government-wide system for the compensation of contractors. Instead of adopting that system, which compensates contractors for their reasonable, allocable and allowable costs and permits them an agreed upon profit according to an established body of precedent, the Reform Act introduces caprice and uncertainty into a contract system designed to eliminate both.

V. YIELD DETERMINATIONS

The Reform Act appears to mandate yield coverage plans based both on actual production history ("APH") and on area yield. On one hand, the Reform Act states that the FCIC "shall" provide an APH plan and an area yield plan. On the other hand, two paragraphs later, the Reform Act states the FCIC "may" provide an area yield plan.

The APH yield plan uses the producer's APH for the four previous, consecutive crop years up to a data base of 10 years. If the producer does not submit adequate documentation, the FCIC is to assign a yield of not less than 65 percent of the transitional yield, adjusted to reflect available APH documentation.

The area yield plan allows an insured producer to qualify for an indemnity if a loss has occurred in the "area" in which the insured farm is located.[2] The producer will be allowed to select the level of area production at which an indemnity will be paid. The producer may choose between individual or area yield coverage on a commodity-by-commodity basis.

The section on area yield should make clear that the producer in the damaged "area" must also have damage to be indemnified.

VI. CLAIMS FOR LOSSES

The Reform Act introduces a new procedure for the resolution of disputes between producers and insurance companies. Under the Reform Act, the FCIC is to promulgate standards to ensure that all claims are adjusted uniformly and timely. The Reform Act then states that if a claim is denied by the FCIC, the producer may bring an action against the FCIC and the insurer in the United States District Court for the district in which the insured farm is located.

Under these provisions, if an insurer denied a producer's claim, the producer would not sue the insurer or institute an arbitration action. Instead, we understand that the insurer would appeal to the FCIC and a formal, administrative hearing would be held before an administrative law judge ("ALJ"). If the ALJ ruled against the producer, the producer could sue the FCIC and the insurer.

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[2] New section 508(b)(5), discussed above, requires "all insurable land of the producer in the county" to be covered by catastrophic risk protection insurance. Will an area be other than a county for purposes of an area yield plan?

This process is both inefficient and incorrect. First, it eliminates alternative dispute resolution procedures, such as arbitration and mediation. Second, if an ALJ denies a claim, it then becomes the Government and not the insurer that issued an appealable order; clearly, under those circumstances the insurer should not be a party to the suit. In this regard, the producer's appeal would rest on the Administrative Procedure Act with which the Government must comply, not insurers. This provision will substantially increase contractors' costs.

VII. REINSURANCE

The Reform Act mandates that the Standard Reinsurance Agreement ("SRA") shall require reinsured companies -

> "...to bear a sufficient share of any potential loss...so as to ensure that the reinsured company will sell and service policies of insurance in a sound and prudent manner, taking into consideration the availability of private reinsurance."

This section is curious. Insurance companies that sell policies in "a sound and prudent manner" do not sell policies to high risk producers or on high risk crops. And when insurance companies take into consideration the lack of available private reinsurance, prudence makes them even more risk adverse. This section makes sense only if its purpose is to limit the availability of crop insurance to producers whose potential loss ratio will yield an underwriting gain. And this purpose is contrary to the public policy underlying the Federal crop insurance program, as demonstrated by the FCIC's own interpretations and public statements.

VIII. MISCELLANEOUS

The Reform Act makes the following changes in the Federal Crop Insurance Act which changes are of varying import.

1. A technical change is made in the USDA's representation on the FCIC's Board.

2. The Reform Act would give the FCIC the authority to settle claims, an authority that now rests in the Justice Department. This provision may cause the Reform Act to be referred to the Judiciary Committee.

3. The Reform Act contains standards for the disqualification of producers.

4. The Reform Act states:

> "There is hereby appropriated, without fiscal year limitation, such sums as may be necessary to carry out the purpose of the insurance fund."

Appropriations are not customarily made in substantive laws; funds are appropriated by laws limited to appropriations. This provision should require the Reform Act to be referred to the Appropriations Committee.

5. The provisions for reasonably compensating master marketers for sales and renewals in section 507(c)(3) and for indemnifying agents for FCIC errors are eliminated.

6. Local USDA offices will be required to make available to producers current and complete information on all aspects of federal crop insurance and a listing of insurance agents. Who will provide the listing? Who will verify its accuracy?

7. Different persons may be eligible for catastrophic risk protection insurance than for other plans of insurance. Any producer that meets the definition of "person" as defined by the Secretary is eligible for the former. A producer who is at least 18 and has a bona fide insurable interest in a crop as an owner-operator, landlord, tenant or sharecropper is eligible for the higher levels of coverage. This distinction is needless. Moreover, it creates another audit responsibility and another layer of record keeping.

8. The Reform Act authorizes the Secretary to establish a permanent advisory committee to advise the Secretary on the implementation of the Act.

9. The Reform Act is to take effect beginning with the crop year immediately following its enactment. Different crops, however, have different crop years.

10. The Reform Act neither defines nor sets forth standards for the definition of the term "market price." This definition is crucial to participation and should not be left to changing administrative fiats.

IX NONINSURED ASSISTANCE

The Reform Act creates a program of noninsured assistance to provide the equivalent of catastrophic risk protection for crops for which catastrophic insurance is not available. Noninsured assistance does not cover losses due to: (1) the producer's neglect or malfeasance; (2) the producer's failure to reseed to the same crop where it is customary to do so; and (3) the producer's failure to follow good farming practices, as defined by the FCIC.

Producers must apply to the USDA for assistance; provide all required records to the FCIC or accept a yield as determined by the FCIC; and report acreage planted and prevented from being planted by the acreage reporting date. Producers of non-program crops are not eligible unless the area average yield for the particular crop falls below 65 percent of the expected area yield.

The FCIC is to make a prevented planting payment if the producer is prevented from planting more than 35 percent of the acreage intended for the crop. The FCIC is to make a reduced yield noninsured assistance payment if the total quantity of the crop that a producer is able to harvest on any farm is less than 50 percent of the expected area yield, factored for the producer's interest in the crop. (Query, if a producer harvests less than 50 percent of the expected area yield on one farm and more than 50 percent on another, can the producer receive a payment for both farms because a loss occurred on "any farm"?).

A "person" (as opposed to a producer) who has qualifying gross revenues in excess of $2 million is not eligible for noninsured assistance payments.

Payments of noninsured assistance shall be made for losses in excess of 50 percent of the established yield at 60 percent of the average market price for that crop.[3] Payments under this program that a person is entitled to receive may not exceed $100,000.

March 14, 1994

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[3] This section is poorly drafted. Literally, it states that payments shall be made for losses in excess of 30 percent, i.e., "in excess of 50 percent of the established yield for the crop at 60 percent of the average market price." The section should state "payments shall be made for losses in excess of 50 percent of the established yield for the crop indemnified at 60 percent of the average market price."

CROP INSURANCE PROGRAM

WITNESS

PAUL L. HOREL, PRESIDENT, CROP INSURANCE RESEARCH BUREAU, INC.

Mr. DURBIN. Paul Horel of the Crop Insurance Research Bureau on the same subject.

Thanks for joining us. We will put your statement in the record.

Mr. HOREL. Thank you.

Mr. DURBIN. Tell us what you'd like us to remember.

Mr. HOREL. Okay. Mr. Chairman, I'm with the Crop Insurance Research Bureau which is a national trade association representing both large and small crop insurance companies that provide both multiple-peril, and crop hail insurance to farmers all across the United States.

Currently our members provide approximately $15 billion in protection to America's farmers on both crop hail and MPCI.

I appreciate the opportunity that you've given me to share with you some of our views on the future direction of the federal crop insurance program, and particularly our thoughts on the recently announced crop insurance reform proposal that was put forth by Secretary Espy.

In a lot of ways, it's a very pleasant task to be able to provide testimony on a proposal that conceptually has such broad-based support.

As private insurers, we look upon the Secretary's proposal as one that has the possibility of giving us greater opportunity to do what we think we do best, and that is to provide a comprehensive risk management program to the American farmer.

We do so with significant assurances that our efforts, well, we do so with hopefully some assurances that our efforts won't be disrupted by ad hoc disaster assistance.

Coupled with the positive changes in the program that you put in place, that this committee in fact put in place last year, the Secretary's proposal sends a very clear and rational message to the agricultural sector of this country.

CIRB consistently supported an actuarially sound federal crop insurance program delivered by the private sector backed with federal catastrophic insurance, reinsurance. In fact, we are extremely gratified to see how many of our recommendations that were put before this committee a year ago have been incorporated into the Secretary's initiative.

As mentioned earlier in our testimony, CIRB does represent quite a large variety of insurers. We have large, very large insurers, and some very small, regional, single-state operations.

And because of that, CIRB feels that it is especially important to make sure that this program recognizes the importance of maintaining a diverse private delivery system—in other words, one that does not discourage the participation of regional or single-state operations.

This diversity we think strengthens the service aspects and assures choice in the marketplace.

While we clearly do have concerns with some of the details, Mike mentioned I think probably the biggest concern is we have in general is with details that are still not, not all of which have been defined.

But some of the details that we're concerned about are the continuation of the dual delivery system, the application of actual production history on the low level, catastrophic coverage, and the ability of our companies to adequately service producers who choose only the low level coverage option.

We are cautiously optimistic, however, that CIRB companies can operate under a system similar to this, and we pledge to work with you and with the administration to ensure that the final legislation both provides producers with risk management options they need, and allows their companies to provide tools to achieve that goal, ultimately which would be an affordable crop insurance program.

On a broad scale, the keys to the success of this proposal are the willingness of Congress to forego future ad hoc disaster payments, and full funding of the federal crop insurance program through the shifting of a billion dollars annually from off-budget disaster to the crop insurance program.

And on the face of the continuing real decline in federal farm program expenditures, providing risk management protection through crop insurance seems to be a responsible public policy, and we appreciate the fact that Mr. Chairman, that you and members of your subcommittee have voiced strong support for an end to the current insurance versus disaster system, and certainly we encourage you to continue this support.

Just in a little bit more detail on some of our concerns, one of them has to do with the dual delivery aspect of the program. We naturally prefer to see producers come to professional insurance agents who we feel are best prepared to explain the various insurance options of farmers.

These people are trained, and their training is monitored by FCIC. They are licensed by the states, and companies have also developed very sophisticated software which allows agents to make a comprehensive and understandable presentation.

At the very least, we would like to see the professional agent be the first point of contact, where feasible. The Secretary in a meeting with us a couple of weeks ago indicated, at least conceptually, agreement with that concept.

We think that USDA is going to be faced with a significant problem in bringing FSA employees to the same level of proficiency that is required of professional agents, and we feel like to do anything less than is to jeopardize the quality of service that the farmer receives.

We also, as we understand the Secretary's proposal, actual production history data would be required both for the catastrophic level as well for higher coverage levels, and the main problem that we have with that is the fact that this is fairly labor-intensive. It puts an additional burden on an agent, and we're simply concerned that the reimbursement for gathering this information is just simply not adequate.

As you know, there is a relatively—the catastrophic coverage is priced very minimally.

We also have a concern with the effective date. We understand that the Secretary's proposal calls for an effective date of the crop year immediately following approval of the act, and if we, if this should happen to become law in the next few months, I think the industry would be under a tremendous amount of pressure to make the new product available for this fall's crops.

Agent training for fall sales begins in the summer, and if this would become law in May or at that point in time, it would put a considerable burden on the part of companies and on the part of FSA employees or government employees to get the product out there, and to be able to explain it and deliver the product effectively.

And so we have some concern over the timing. In fact, we would urge that the effective date possibly be postponed to ensure we don't end up with a disruptive sales climate.

To summarize, Mr. Chairman, the private sector we feel like is leaner and meaner than ever before. Several years ago there were approximately 50 organizations that signed standard reinsurance agreements. Today there is something like 19, and the companies that have stayed the course, do so in the overall best interest of the crop insurance program.

And we feel strongly that we have a great opportunity here to finally provide the kind of comprehensive risk management program that our agricultural producers require. We are very optimistic, very encouraged by the Secretary's proposal, and we welcome the opportunity to work with you and with the administration to bring it to fruition.

Mr. DURBIN. Thanks, Mr. Horel.

Some of the members of the subcommittee are meaner than ever before, but none of us are leaner. [Laughter.]

We are all working on it. Now, one of the problems that some farmers have expressed with the administration's proposal on crop insurance is linkage, that if they are going to sign up for the program, that they will be required to be part of the crop insurance program.

I have suggested as an alternative to the representative of the American Farm Bureau Federation, that if a farmer doesn't want to sign up for the administration's crop insurance program, that he would be required to sign a waiver of any entitlement to disaster benefits under any circumstances.

Does that deal with the schizophrenia that you've referred to here?

Mr. HOREL. I think it goes partway. I might add that our association is—well, I won't say conceptually, but fundamentally we are opposed to linkage as well, however maybe not as strident as AFB might be on it, but we also understand the realities that exist out there in the marketplace, and this would not be something that we would be in major opposal to.

I think we are saying that in a perfect world, we would prefer not having linkage, but that's not the case, and the signing of a waiver certainly would be something that our members would support.

Mr. DURBIN. Thanks. Mr. Skeen.

Mr. SKEEN. Thank you, Mr. Chairman, and Mr. Horel, we appreciate your input into this thing because it is a very serious problem for us to deal with. We're trying to get away from disaster payments, and we want the private sector involved.

I think it is extremely important we do that, and the same with other programs that we are dealing with up here like health care, and a few other things.

You folks have gone through a tremendous growing period over the years. We tried a program that had a limited number of crops, then we all of a sudden kept adding more crops, and we kind of outran ourselves to some degree.

But I think that we were trying to reach a happy marriage between the private insurance sector, and providing assistance through disaster payments. We would appreciate any input or criticisms that you have.

We understand your viewpoint, but we've got to have something that works better than what we're doing now, and we would invite you to have that kind of input with us.

Mr. HOREL. Thank you.

Mr. SKEEN. Thank you, Mr. Chairman.

Mr. DURBIN. Mr. Myers.

Mr. MYERS. No questions.

Mr. DURBIN. Thanks for joining us.

[The information follows:]

CROP INSURANCE RESEARCH BUREAU, INC.

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Testimony of

Paul L. Horel, President

Crop Insurance Research Bureau, Inc.
Overland Park, Kansas

Before the House Appropriations Subcommittee on
Agriculture, Rural Development, Food and Drug Administration,
and Related Agencies

Regarding the Federal Crop Insurance Program

March 16, 1994

Mr. Chairman, the Crop Insurance Research Bureau, Inc., ("CIRB") is a national trade association representing 34 companies that provide multiple peril and crop hail insurance to the nation's farmers. I appreciate the opportunity to share with the Committee our views on the future direction of the Federal Crop Insurance Program, and particularly, our thoughts on the recently-announced crop insurance reform proposal put forward by Secretary Espy.

Coupled with the positive changes in the program you put into place last year, Secretary Espy's proposal gives us hope that for the first time in recent years, we as private insurers can get on with what we do best -- providing a comprehensive risk management tool to the agricultural producers of this country -- without looking over our shoulders for the specter of federal ad hoc disaster payments. The fact of the matter is that as long as the potential exists for ad hoc disaster payments, many producers will simply not take the steps necessary to responsibly manage their risk through crop insurance.

For many years, CIRB has actively supported an actuarially sound federal crop insurance program, delivered by the private sector and backed with federal catastrophic reinsurance. We believe that the involvement of both small and large risk-bearing entities is critical to its success. In addition, CIRB strongly supports private crop-hail insurance and opposes any legislation that might negatively impact this successful insurance product. Finally, CIRB has long supported the elimination of Congressionally-authorized ad hoc disaster payments because as has been painfully demonstrated over the past six years, from both a policy perspective as well as a fiscal standpoint, crop insurance cannot co-exist with ad hoc disaster payments.

While we clearly do have concerns with some details of the Secretary's proposal -- such as the continuation of the dual delivery system, the application of individual yields and actual production history on the low-level catastrophic coverage and the ability of our companies to adequately service producers who choose only the low-level coverage option, we are cautiously optimistic that CIRB companies can operate under this new system. We pledge to work with you to insure that the final legislation both provides producers with the risk management options they need and allows our companies to provide the tools to achieve that goal -- at an affordable cost to the American taxpayer.

On a broad scale, the keys to the success of this proposal are the willingness of Congress to forgo future ad hoc disaster payments and full funding of the federal crop insurance program through the shifting of $1 billion annually from off-budget disaster spending to the crop insurance program. In the face of a continuing real decline in federal farm program expenditures, providing risk protection through crop insurance is the most responsible public policy option. Given the many problems associated with applying the "Pay-As-You-Go" requirements of the Budget Act to disaster funding, moving a portion of the money on-budget to fully fund the crop insurance program makes good sense. Mr. Chairman, you and the members of your subcommittee have voiced strong support for an end to the current schizophrenic two-track insurance versus disaster system and we urge you to continue your support.

I would now like to highlight a few of CIRB's specific concerns with the Secretary's crop insurance reform proposal:

- Dual Delivery System - While the goal of the proposed legislation is to eliminate ad hoc federal disaster payments and to encourage producers to actively manage their risks, we are concerned that the Farm Service Agency may not be the best source of information to allow producers to best assess their true risk management needs. Should a dual delivery system be created, Congress must insure that FSA employees are adequately trained as serious problems could arise if a disaster strikes and a large number of producers had signed up for only the catastrophic level of protection without a clear understanding of what they were purchasing. **We prefer to see producers come to professional insurance agents, who are prepared to explain the various insurance options.**

- APH/Individual Yield Data - As we understand the Secretary's proposal, actual production history and individual yield data would be required both for the catastrophic level as well as for higher coverage levels. Given the time and paperwork required to provide and report that information, **for the sake of reducing cost and complexity, catastrophic coverage should be based on the ASCS yield as adjusted by FCIC (T-yield).**

- Effective Date - The Secretary's proposal calls for an effective date of the crop year immediately following approval of the Act. Should this proposal become law in the next few months, we would be under tremendous pressure to make the new product available for this fall's crops. **Given the importance of this initiative and the amount of time and effort spent to develop this proposal, the effective date should be postponed to insure that federal employees are well trained and that companies and agents have the materials necessary to make this program succeed. An artificially expedited start-up date could become a disaster in itself.**

In summary, Mr. Chairman, CIRB supports your ongoing efforts and those of Secretary Espy to rationalize the risk protection functions of the federal crop insurance program. We believe that the Congress has a golden opportunity this year to make this program work for both producers and taxpayers. As you and your staff work through the complexities of this proposal, I would like to offer you the use of the many experienced crop insurance specialists in our member companies as we work toward our common goal. Thank you.

CROP INSURANCE PROGRAM

WITNESSES

RICHARD GIBSON, CHAIRMAN, AMERICAN ASSOCIATION OF CROP INSURERS

DEBRA DAWSON, VICE CHAIRMAN

MICHAEL McLEOD, COUNSEL

Mr. DURBIN. Next we're going to take the panel Richard Gibson and Debra Dawson on the same issue, American Association of Crop Insurers, and then we will move to Mr. Noah.

Mr. GIBSON. My name is Richard Gibson and I'm with the American Association of Crop Insurers, and with me today is Debra Dawson who is Vice Chairman, as well as Mike McLeod, our Washington counsel.

Mr. Chairman, Mr. Ranking Member and members of the subcommittee, thank you for the opportunity to present our views on the fiscal year 1995 funding of the federal multiple peril crop insurance program, and on the program's future direction.

These views are expressed on behalf of the American Association of Crop Insurers. We find ourselves presented with perhaps the greatest opportunity to improve the crop insurance program, as we now have a plan to provide both catastrophic insurance coverage to all farm program and lending participants, and added incentives for purchasing additional coverage.

Mr. Chairman, as you well know, 1993 meant disaster and financial loss to thousands of farm families in the Midwest and the Southeast. Thankfully MPCI helped many of those farmers to better weather their loss.

The MPCI program pumped nearly $1.7 billion into the countryside, and private crop hail insurance paid out over another $400 million. In fact, some companies' losses in 1993 exceeded their cumulative profits for the 13 years they had been involved in this program.

The industry as a whole lost in one year most of the nine years of gains that GAO reported in its January 1992 risk-sharing report, and with the very limited gain opportunities in the current SRA, it would be very difficult to replace those reserves.

In 1993, most companies experienced claims on at least 50 percent of their policies with certain state claim rates as high as 90 percent of the policies. Millions of extra dollars were paid out for adjusting in 1993 that was not covered by the regular reimbursement and the standard reinsurance agreement.

In achieving the chief objective, universal availability of catastrophic coverage at little or no charge by itself, will not be sufficient. Significant participation at greater than catastrophic levels of protection is necessary to adequately protect farmers and replace ad hoc disaster assistance.

Only through a continued significant involvement of the private sector and the risk-bearing and delivery of crop insurance, can federal dollars be leveraged to meet these objectives in today's budget environment.

The administration's proposal recognizes the value of the private sector and the MPCI program by continuing the public/private relationship or partnership which maximizes the impact of federal dollars.

However, there are three reasons that we believe it could and should go further. First, a key element of the administration's package is added incentives for the purchase of higher levels of coverage.

The core issue that we determine whether farmers are adequately protected is whether they do in fact purchase additional coverage. Private sector professional insurance agents are trained, licensed and in place to perform their tasks.

Secondly, budget constraints argue against a creation of a duplication of the infrastructure of the delivery of crop insurance. A potential sign of this occurring is the proposal in the legislative language to remove the existing cap on SCIC employment.

Finally, if we are serious about reinventing government, then there is no better place to begin than in the crop insurance program. We have an existing statutory mandate to utilize the private sector to the maximum extent possible.

As USDA has reorganized, and field offices are consolidated and co-located, there is an existing private sector network that can deliver crop insurance, and even the non-insured stand by disaster assistance to farmers more conveniently, more efficiently, and more cost-effectively than government.

Therefore at a minimum, we strongly suggest that farmers risk management needs could be best met if the farmers are required to visit a private insurance agent prior to their being able to obtain the catastrophic risk that the USDA offers.

The proper role of government in the crop insurance program is one of oversight, and as we have testified before, the provision of some form of catastrophic reinsurance protection with a liability exposure of the program.

This past year is an excellent example of why this type of protection is needed. The private sector cannot bear the 1993 type of hit without some safety net. Even with that net, it will continue to be difficult to keep private capital invested in this program without improved opportunities to earn a reasonable rate of return on capital investment.

Furthermore, FCIC does not even have a reinsurance division, and as we reform, we need to reinvent how FCIC operates.

We have already seen indications of reinvention at FCIC. Under Ken Ackerman's leadership, FCIC recently approved the first supplemental product for reinsurance under the authority provided four years ago by the 1990 farm bill.

The product that was approved is the first in a new breed of products that if used in conjunction with MPIC policies, can provide farmers with revenue protection.

We firmly believe that the private sector can deliver, day-after-day, more bang for the scarce federal dollar available, thereby permitting the intended beneficiaries—farmers—to receive the bulk of those scarce dollars.

We thank you for the opportunity to appear before you today, and look forward to working with you to ensure the continued viability and adequate funding of the crop insurance program.

Mr. DURBIN. Mr. Gibson, let me renew that conversation I had with Mr. Connealy about the availability of commercial insurance. When you talk about exposure limits and safety nets, are you suggesting that there would be a limit to the liability that commercial insurance would be willing to undertake, even with crop insurance reform?

Mr. GIBSON. Yes, I am. I think that there is a limit, but I think that the one thing that we have to look at is that you mentioned I think in your earlier statements nearly something to the point that you had heard that reinsurance was not actuarilly sound, or maybe I'm paraphrasing, but I think that's what you said.

And I think I would disagree with you and say that is probably more actuarilly sound, at least in the excess and the stock boss type approaches, because they actually look at the experience and rate the exposure as to what that past experience is.

Mr. DURBIN. And the primary insurer comes back on-board at higher levels for most reinsurance, is that not correct?

Mr. GIBSON. Usually it is a sharing, 90/10, 95/5 or some type of——

Mr. DURBIN. But tell me how you envisioned the administration's proposal dealing with that problem—the exposure limit, the safety net.

Mr. GIBSON. I think that the federal government has to provide protection for those catastrophic losses, just as Mr. Connealy suggested, but I would also suggest to you that there are certain portions of this United States that probably don't lend itself to being actuarilly sound on the primary side, so there are probably some of those areas that must, or the majority, that risk must be carried by the government.

Mr. DURBIN. Disaster payments?

Mr. GIBSON. No, I think it can be channeled through crop insurance, just as it is now, and you know, in the program we have three funds—the commercial fund which the private sector essentially takes 100 percent; the developmental fund which is 65/35; and the assigned risk which is 95/5, so we have those three funds which is a selection process with the government, and shares an increasing portion of the risk of those funds.

Mr. DURBIN. I don't want to dwell on this any longer. Mr. Skeen and I are on the disaster task force, but 30 percent of the people buying crop insurance now, and were losing money each year pretty dramatically, we are trying——

Mr. GIBSON. You know, I think that there might be——

Mr. DURBIN. Maybe volume will help.

Mr. GIBSON. Yeah, yeah. You could sell more.

Mr. SKEEN. At a low cost.

Mr. GIBSON. I think that one of the things that we do look at though in the insurance is really a rule of large numbers, and that the more that you have enrolled into your program, the more spread you have to your business.

One of the things that I think has been a problem with the program is with 35 percent of the people, many of those areas, or only those areas that are subject to higher loss ratios——

Mr. DURBIN. Adverse selection.

Mr. GIBSON. Exactly. Sir?

Mr. DURBIN. Let me stop at this point. Mr. Skeen.

Mr. SKEEN. Well, I think we've covered it, but that was very interesting, you had the three divisions that you talked about of exposure. Who decides on the criteria as to which case falls into one of those particular areas? Is this done on an actuarial table?

Mr. GIBSON. No.

Mr. SKEEN. Excuse me, I will let you explain it.

Mr. GIBSON. Well, I probably ought to let Tim explain it. I think he probably knows more about it than, or as much about it as I do.

Mr. SKEEN. No, but he's prejudiced.

Mr. GIBSON. Yes. [Laughter.]

Mr. SKEEN. He does.

Mr. GIBSON. The FCIC sets out those three funds for us and it's our choice but those choices have to be made and sat upon prior to any inception of liability.

Mr. SKEEN. At the outset.

Mr. GIBSON. At the outset of the reinsurance agreement.

Mr. SKEEN. I see.

Mr. GIBSON. So we sat down and put our overall proposal to them and that proposal actually is solicited from us in April for the next year, so this coming April, we will be submitting a plan of operation to the FCIC for the 1995 crop year.

Mr. SKEEN. So it is done every crop year.

Mr. GIBSON. It's done every crop year, yes, sir.

Mr. SKEEN. All right. Thank you very much. Thank you.

Mr. DURBIN. Mr. Myers.

Mr. MYERS. No, I have already learned too much about it. I'm on the other end of that, I'm the receiver. [Laughter.]

Thank you for your testimony.

Mr. DURBIN. The Myers' farm in Indiana is one of the real sources of pride in this subcommittee. If there is a disaster anywhere in America, it hits the Myers' farm. [Laughter.]

Mr. MYERS. So far we haven't had an earthquake. Oh, we did too have a little one a few years ago, but we sure have had lots of floods.

Mr. SKEEN. We are going to design a tornado for him.

Mr. GIBSON. This isn't pre-named the Myers law instead of Murphy's law. [Laughter.]

Thank you very much. I appreciate it.

Mr. MYERS. I shouldn't have that much bad luck.

Mr. DURBIN. Thanks. Mr. Myers will tell us about the mosquitos as big as sparrows.

Mr. MYERS. Hummingbirds.

[The information follows:]

Testimony of

Richard Gibson, Chairman, Government Relations
Debra Dawson, AACI Vice Chairman
accompanied by
Michael McLeod, Counsel
on behalf of the

American Association of Crop Insurers

Before the House Appropriations Subcommittee on
Agriculture, Rural Development, Food and Drug Administration and Related Agencies

Regarding the Federal Crop Insurance Program

March 16, 1994

Mr. Chairman, Mr. Ranking Member, and members of the Subcommittee, thank you for the opportunity to present our views on the Fiscal Year 1995 funding of the Federal multiple peril crop insurance program (MPCI) and on the program's future direction. These views are expressed on behalf of the American Association of Crop Insurers (AACI), a voluntary membership trade association of the private crop insurance industry. Our association consists of insurance companies, private reinsurers, local crop insurance agents and adjusters. AACI members write over 60 percent of the U.S. MPCI policies that provide peace of mind for over 700,000 policyholders.

We find ourselves presented with perhaps the greatest opportunity of all time to improve the crop insurance program. Finally crop insurance can be established as the sole means of providing producers with financial protection against crop disasters, as it was originally intended to be following the 1980 Act. We've seen a lot of reform proposals since 1980 as well as considerable ad hoc disaster funding and emergency loans handed out. However, at no time has there been such a consensus for reform or an apparent willingness to do away with the "too-little-too-late after-the-fact" disaster payment approach.

Now we have a plan to provide both catastrophic insurance coverage to all farm program and lending participants and added incentives for purchasing additional coverage. This plan hinges on adding $1 billion to the crop insurance baseline.

Our testimony today is aimed at achieving several objectives. First, we want to review 1993 and the ongoing plans for 1994. Second, we want to highlight the superior policy attributes of crop insurance when compared with ad hoc disaster payments. Third, we note how the Administration's reform package meets a number of objectives developed by various parties in the crop insurance industry and make several suggestions for improving that package. Finally, we highlight some fundamental administrative issues that must not be forgotten amidst the more glamorous comprehensive reform effort. We urge the Subcommittee to also review our testimony of last year, as that information continues to be relevant today.

1993 In Review

Mr. Chairman, as you well know, 1993 meant disaster and financial loss to thousands of farm families in the Midwest and Southeast. Thankfully, MPCI helped many of those farmers to better weather that loss. The MPCI program pumped nearly $1.7 billion into the countryside, and private crop hail insurance paid out another $400 million. We hope university researchers will thoroughly analyze the financial condition of farmers after the floods and assess why similarly situated and devastated farmers are now in different financial shape. We believe they may find the use or nonuse of crop insurance very important in that evaluation.

What will become apparent in the figures that FCIC shares with this Subcommittee is that not only did farmers lose big in 1993, but the private reinsured companies did as well. In fact, we can assure you that not only did we lose on the underwriting side of the program, we also lost on the administrative expense side due to the significant costs of adjusting the record number of claims.

In fact, some companies' losses in 1993 exceeded their cumulative profits over the 13 years they have been involved in the program. The industry as a whole lost in one year most of the 9-years worth of gains that GAO reported in its January 1992 risk sharing report. Furthermore, given the very limited gain opportunities in the current SRA, it would take companies more than six maximum gain years to earn back what they have lost in one.

On the administrative side, the loss adjustment reimbursement built into the expense rate is based on estimate that 35 to 40 percent of policies annually will experience claims. In 1993, most companies experienced claims on at least 50 percent of policies overall, with certain state claims rates as high as 80 percent. Millions of extra dollars were paid for adjusting in 1993 that were not covered by the regular reimbursement or contractual adjustments provided in the SRA.

1994 In Progress

That brings us to 1994. This year we have faced many new challenges stemming from political, legislative, and administrative initiatives. A new Administration, budget cutting reconciliation and appropriations bills, a widespread disaster, and numerous program alterations that all seemed to happen at the same time (as indicated by the thickness of this 1994 program manual) all meant major adjustments and significant added administrative expenditures. This year we saw changes and extensive activity in the following areas:

1. Gathering, recording and tracking Social Security Numbers of insureds;
2. Implementation of new APH rules;
3. Continued attempts to alter the Administrative Cost Reporting system;
4. Responding to increased quality adjustment problems in the Midwest;
5. Implementation of the 31 percent cap on expense reimbursement;
6. Implementation of a new prevented and late planting provision;
7. Increased use of the NCS system;
8. A large expansion of the GRP to other crops;
9. New agent and adjuster training initiatives; and
10. The continuing saga regarding state premium taxes on MPCI.

Crop Insurance Versus Disaster Payments

Considering all the years we have been testifying before this distinguished Subcommittee, we are confident that we don't need to convince you of the superior attributes of crop insurance over disaster payments. We have included an exhibit which highlights that policy debate which also includes some talking points on the Administration's new proposal.

Therefore, we highly commend President Clinton, Agriculture Secretary Mike Espy, Under Secretary Gene Moos, and FCIC Manager Ken Ackerman for choosing the insurance approach to resolving the disaster dilemma. We urge Congress to do the same.

Parameters for Reform

As we sit here today, the Senate Budget Committee is acting on the FY95 Budget Resolution and deciding whether, like the House, to shift "off budget" disaster monies to be "on budget" as part of the crop insurance baseline. This Subcommittee must decide whether to shift discretionary administrative and operating funds to the mandatory side of the balance sheet. Both of these decisions are central to the adequate funding of the Administration's proposed reform of the crop insurance program, which is the only major agricultural policy reform proposed in the 1995 Budget.

Over the past year, the reinsured companies, agents, and other involved in the agriculture industry got together to discuss what we believed to be acceptable objectives and parameters for reform within the confines of various alternatives being considered. One result of that effort is the Joint Position Statement that is attached to this testimony. That statement outlines the provision of incentives and opportunities to farmers that permit them to adequately and affordably manage their production risks as the chief objective of a crop insurance program. The risk protection provided must meet farmers' most basic income and financial needs if a natural disaster strikes.

In achieving that chief objective, universal availability of a catastrophic coverage at little or no charge, by itself, will not be sufficient. Significant participation at greater than catastrophic levels of protection is necessary to adequately protect farmers and replace ad hoc disaster assistance. Only through a continued significant involvement of the private sector in the risk bearing and delivery of crop insurance can Federal dollars be leveraged to meet these objectives in today's budget environment.

In general, the Administration's reform proposal goes a long way in achieving the objectives that we believe the crop insurance program must meet. It deserves positive action by the Budget, Appropriations, and Agriculture Committees of Congress. Furthermore, if it is to be in place for 1995, that action needs to occur very swiftly when computing time in legislative terms. At the same time, we feel that a number of refinements can make the proposed reform even more effective in meeting its goals.

The Role of the Private Sector

The Administration's proposal recognizes the value of the private sector to the MPCI program by continuing the public/private partnership which maximizes the impact of Federal dollars. However, for three reasons, we believe it could and should go further.

First, as reflected in the Administration proposal, many, if not most, farmers need more than a catastrophic level of protection if their true risk management needs are going to be met. With a limited budget, the government cannot provide this entire protection free of charge. However, a key element of the Administration's package is added incentives for the purchase of higher levels of coverage.

The core issue that will determine whether farmers are adequately protected is whether they do, in fact, purchase additional coverage. Therefore, professional counseling on their risk management and insurance needs is paramount. Private sector, professional insurance agents are trained, licensed, and in place to perform that task.

Secondly, budget constraints argue against the creation of a duplicative infrastructure for the delivery of crop insurance. FCIC has already made the sound decision to discontinue the writing of federal paper because over 93 percent of farmers who choose to purchase crop insurance do so from private agents. FCIC realized it could no longer afford to have 24 percent of its resources and personnel devoted to servicing only seven to eight percent of MPCI policies. There is some fear, however, that the dual delivery proposed in the Administration's package would replicate just such an inefficient and wasteful utilization of resources. A potential sign of this occurring is the proposal in the legislative language to remove the existing cap on FCIC employment.

Finally, if we are serious about Reinventing Government, then there is no better place to begin than the crop insurance program. First of all, we are hitting the ground running because we already have a public/private partnership in place. Secondly, we have an existing statutory mandate to utilize the private sector to the maximum extent possible. Thirdly, as USDA is reorganized and field offices are consolidated and collocated, there is an existing private sector network that can deliver crop insurance -- and even the noninsured standby disaster assistance -- to farmers more conveniently, more efficiently, and more cost effectively than government. We need to capitalize on that opportunity. The capability of the private sector is illustrated by the fact that should Congress adopt a reform proposal this year, the private sector can have it in place for the 1995 crop season -- meaning this fall -- while the government is still trying to determine who is in charge of what as it deals with its reorganization.

Therefore, at a minimum, we strongly suggest that farmers' risk management needs could best be met if farmers are required to visit a private insurance agent prior to their being able to obtain the catastrophic risk policy at a USDA office. Serious consideration should also be given, however, to identifying areas of the country in which there is no need for USDA delivery due to the presence and commitment of sufficient private sector insurance forces that will see that every single farmer's needs are met. This could save hundreds of millions of dollars in government administrative overhead.

Another option to consider is that while the USDA office may be a delivery point, the government need not develop a costly and inefficient delivery system infrastructure to back that delivery point up. Rather, the policy obtained at the USDA office could be serviced by the private sector infrastructure already in place. We continue to believe that there are many administrative functions that FCIC is mandated to not duplicate should such services be available in the private sector. Yet, such duplication continues to occur. Finally, AACI members want to express their interest in utilizing their cost efficient delivery systems for administering and delivering any noninsured disaster assistance provided under the Administration's reformed program.

Overriding Program Issues

There are a number of issues that we need to ensure do not get overlooked amidst the larger reform issue. These include the needs: 1) to focus government resources on the role of government; 2) to encourage innovations by the private sector and facilitate their implementation; 3) to ensure that government resources devoted to government functions are not wasted; 4) to streamline operations and reduce the administrative costs of the program; and 5) to continue to examine problematic program areas and policy terms, and work cooperatively with industry and farmers to fix them.

The proper role of government in the crop insurance program is one of oversight and, as we have testified before, the provision of some form of catastrophic reinsurance protection for the liability exposure of the program. This past year is an excellent example of why this type of protection is needed -- the private sector cannot bear the 1993 type of hit without some safety net. (Even with that net, it will continue to be difficult to keep private capital invested in this program without improved opportunities to earn a reasonable rate of return on capital invested.) Despite these two primary roles of government, we continue to have an extensive crop insurance bureaucracy that devotes resources to policy development, marketing, and direct policy servicing. Furthermore, FCIC does not even have a reinsurance division. As we reform, we need to reinvent how FCIC operates as well.

We are already seeing indications of reinvention at FCIC under Ken Ackerman's leadership. FCIC recently approved the first supplemental product for reinsurance under the authority provided four years ago by the 1990 Farm Bill. That product, developed wholly with private sector funds, is the first in a line that FCIC will consider that will result in a significant increase in the availability of alternative and supplemental risk management products for farmers. The product that was approved is the first in a new breed of products that, if used in conjunction with other marketing tools, can provide farmers with complete revenue insurance -- something policy makers and farmers alike have dreamed about for a long time. FCIC must continue to provide an open door to facilitate and encourage such innovations and must involve private industry in FCIC's policy research activities.

One facet of government's central oversight role is compliance. That oversight can be applied in a manner that provides program efficiency benefits or it can be applied in a manner which merely adds costs to program participants with little benefit to program integrity. Where something major has gone wrong, then corrective action needs to be taken and appropriate penalties imposed. At the same time, if compliance audit after compliance audit reveals no problems, then move on and quit expending government resources wastefully and quit forcing companies' efficiencies to drop and costs to rise by interrupting operations to cooperate in the audits. We need one set of rules for everyone, including FCIC. Finally, there should be incentives provided for excellence and penalties imposed for inadequate performance.

In our discussions with you last year, Mr. Chairman, regarding the administrative costs of the program, we indicated that there were a number of program requirements and paperwork burdens that could be altered for the benefit of all parties involved. As we contemplate adding approximately 1.4 million participants to the program, the streamlining and reduction of that administrative burden for FCIC, the companies, the agents, and the participants, becomes even more vital. We have attached a list of suggestions for the reduction of administrative costs which we believe warrant consideration. We will be providing you and FCIC with further documentation on these items and suggested improvements in the near future.

Finally, while significant improvements have been made in a number of crop programs, there remain some crop programs that have problems within the construction of the policy or program that result in excess losses. FCIC's Blueprint for Financial Soundness denotes this as an area of concern and aims at improving it through better underwriting and detection through compliance. It is our hope that in both detecting insufficiencies and in remedying them, that FCIC will consult with us in order to utilize the expertise that we have in designing and implementing insurance programs. We believe we have a lot to offer.

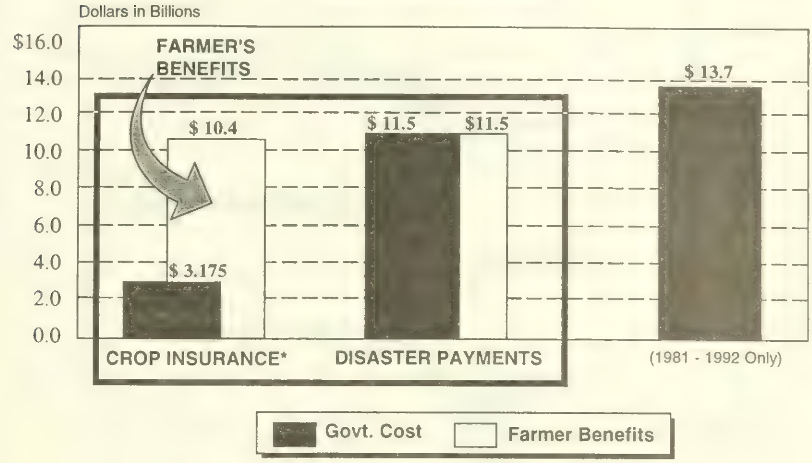
Conclusion

We have a unique opportunity this year to drive the crop insurance stake deep into the soil to ensure that the tent of protection for farmers will be able to weather the significant winds of change facing agriculture in the years to come. The time for leadership is now. We believe the Administration has set before Congress a framework for reform that will work if implemented in a manner which capitalizes on the existing public/private partnership of the crop insurance program.

We firmly believe that the private sector can deliver, day after day, more bang for the scarce Federal dollar available, thereby permitting the intended beneficiaries -- farmers -- to receive the bulk of those scarce dollars. We thank you for the opportunity to appear before you today and look forward to working with you to insure the continued viability and adequate funding of the crop insurance program.

Government Cost For Current Disaster Programs

(1981 - 1993 Estimates)

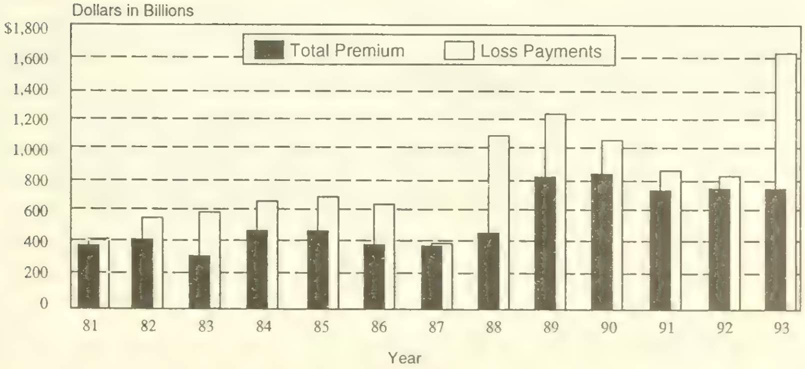


* Losses in Excess of Total Premium

These figures do not include administrative expenses of any of the programs.

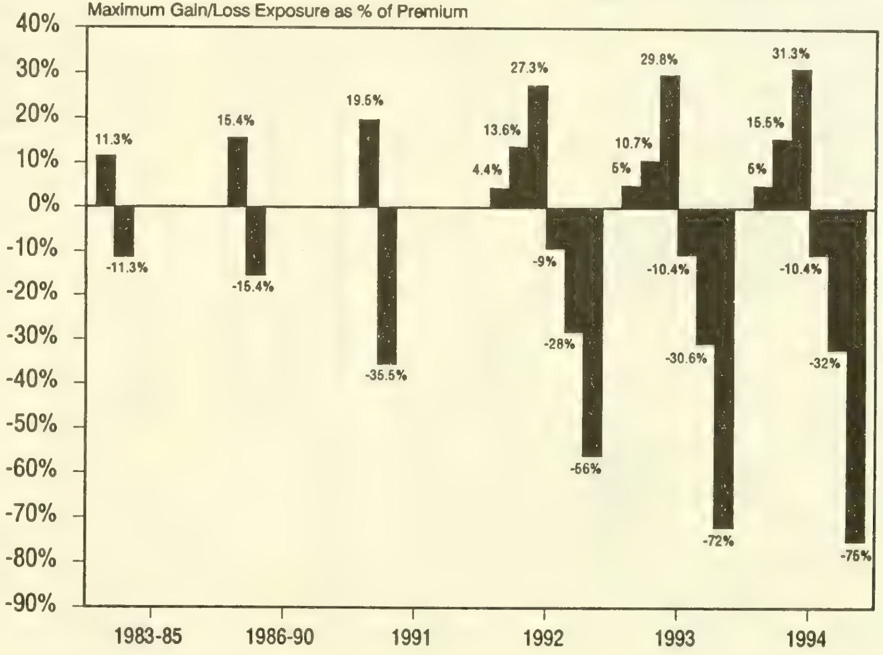
Premiums & Loss Payments

Multiple Peril Crop Insurance



General Illustration of Increased Risk Requirements

FCIC Standard Reinsurance Agreements For Private Company Participation



Illustrates SRA by State, By Fund

ADVANTAGES OF PRIVATE SECTOR MPCI DELIVERY

* Local agents are in position in the local communities where the farmers are, they are known, they are trusted, they are experienced, they are licensed.

* Farmers have had a choice between direct government policies and reinsured private policies, they have chosen private policies — 92% private; 8% government.

* Rural communities are dependent on the jobs and associated economic activity created by a privately delivered crop insurance program — some 68,000 private sector individuals receive all or a part of their income from the sales, service, and adjustment of Federally reinsured, privately delivered, crop insurance. Many of these people are farmers themselves.

* Farmers don't have to wait in line to get their crop insurance. The agent often comes to them, agents have evening and weekend hours.

* Agents and companies already have established relationships with over 700,000 policyholders.

* Reinsured companies have increasingly put their own money at risk in the program and compete against one another. This creates the incentive to do the job right from sales through adjustment. It has improved program loss ratios and cut down on claims errors.

* Reinsured companies invest added money in the program through the development of alternative and supplemental products which provide farmers additional means to sufficiently manage their risks.

* The creation of a government infrastructure sufficient to make the sales and perform the service necessary to achieve the levels of participation being called for would be enormously expensive and would have to be paid whether the objective was achieved or not.

* Reinsured companies and local insurance agents only get paid if they deliver. No sales, no cost. This provides the incentive to them and saves the government money.

* Not all farmers participate in government programs, while they may purchase and need crop insurance.

* Even free coverage should be delivered by the private sector in order to seize the marketing opportunity to sell farmers the higher levels of coverage necessary to adequately manage their risks and avoid requests for disaster assistance.

* With a more stable program, private companies could do even a better job in efficiently delivering crop insurance. Annual instability affects hiring, strategic planning, long-term planning. Mid-year changes significantly affect operational efficiency.

NOTE: These advantages have proved themselves through the tripling of farmer participation in the program since delivery was largely turned over to the private sector.

FUNCTIONS PERFORMED BY REINSURANCE COMPANIES

Underwriting and Processing

APH Field Reviews
Fund Underwriting
Verification of Premium and Coverage Data
Process Applications
Process, Verify and Approve APH
Policy Issuance
Acreage Report Processing
Issue Summaries of Coverage
Process and Appove Revised Late Acreage Reports
Process LPO's, FCI-2's, Assignments, etc.
Premium Billing
Premium Collection
Process Terminations
Quality Control Over Underwriting and Processing
FCIC Reporting

Claims

Adjuster Training
Claims Audit
Verification of Claims Data
Pay Adjuster Expenses
Forms Production and Distribution
Claims Supervision
Adjuster Recruitment
Claim Related Litigation
Loss Notice Processing
Claims Payment Processing
Escrow Account Administration
Adjuster Licensing
1099 Processing
AD 1026

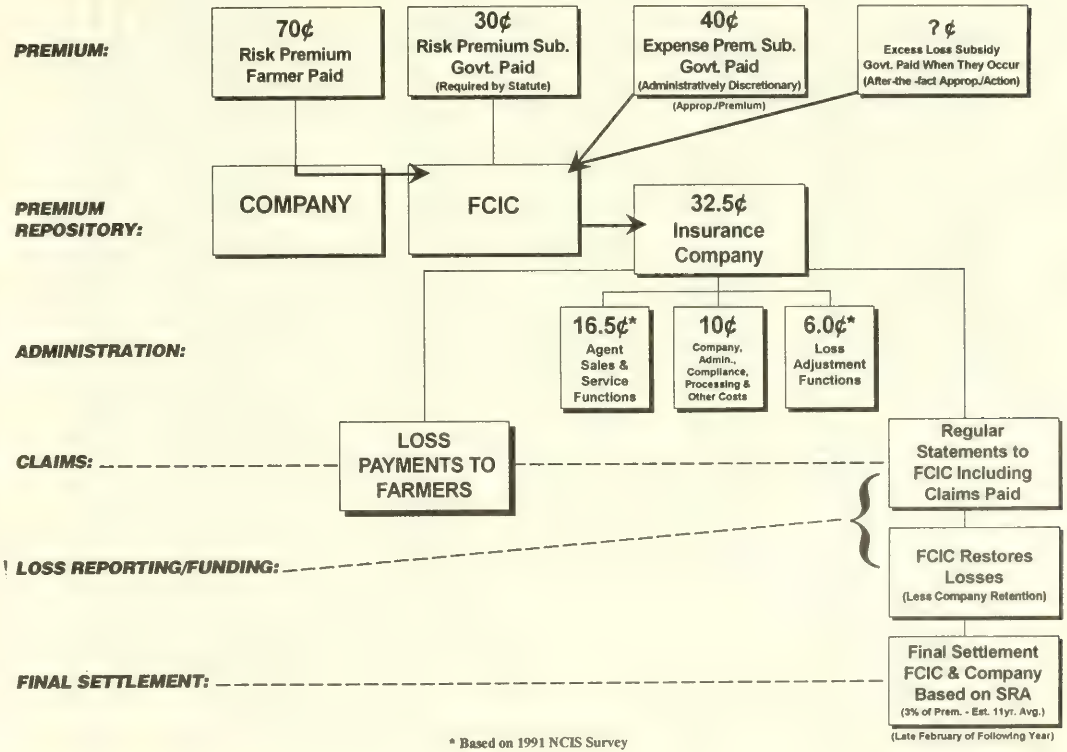
Business Acquisition

Agent Commissions
Agent Recruitment
Agent Training
Advertising
Agent Licensing
Audit of Marketing Activity
Production of Forms, Materials
Distribution of Forms, Material
1099 Processing

Other

Litigation
Corporate Insurance
Rate and Policy Filing
Financial Standards/Reserves/Reinsurance
Data Reporting
Company Licensing
Filing Annual Statements
Income Taxes
State Solvency Assessments
Premium Tax
Punitive Damages
Cash Flow/Borrowing Costs
Payment of Uncollected Premiums
Broker Costs
Post Hoc Program Changes - Underwriting
Post Hoc Program Changes - Administration
Salaries and Wages
Payroll Taxes
Employee Benefits
ADP Expenses
Misc. Overhead

Funding Flow Chart For FCIC's Reinsurance Program With Private Companies



* Based on 1991 NCIS Survey

AACI CIRB NCIS
PIA IIAA
IBAA

JOINT POSITION STATEMENT ON CROP INSURANCE REFORM*

THE OBJECTIVE OF CROP INSURANCE:

The crop insurance program and, therefore, any reform of it, must provide farmers with incentives and opportunities to adequately and affordably manage their production risks. This risk protection should meet farmers' most basic income and financial needs if a natural disaster strikes.

MEASUREMENT OF THAT OBJECTIVE:

The success of a government-assisted crop insurance program should be measured by the extent to which it: (1) encourages farmers to get the most risk protection per dollar of government and private money expended; and (2) eliminates the need for *ad hoc* disaster assistance.

ACHIEVEMENT OF THAT OBJECTIVE:

Reform of the crop insurance program must build upon the underlying framework of the much improved existing program. That framework includes individualized protection based on actual production history delivered by the private sector. A reformed program should treat those farmers who currently take the initiative to manage their own risks through crop insurance fairly, and it certainly should not penalize them. The crop insurance product itself must provide adequate protection at an affordable price.

By itself, universal availability of a catastrophic level of coverage at little or no charge will not be sufficient. Significant participation at greater than catastrophic levels of protection is necessary to adequately protect farmers and replace *ad hoc* disaster assistance. Only through a continued significant involvement of the private sector in the risk bearing and delivery of crop insurance can Federal dollars be leveraged to meet these objectives in today's budget environment.

ELEMENTS OF A REFORMED CROP INSURANCE PROGRAM:

(1) Eliminate Ad Hoc Disaster Payments. Multiple peril crop insurance (MPCI) must be established, as it was intended to be in 1980, as the sole mechanism for delivering disaster assistance to farmers. This cannot be achieved without removing the authority for ad hoc disaster assistance. As long as the possibility of such ad hoc assistance exists, many agricultural producers will not take the steps necessary to manage their risk through crop insurance. The Federal Government's liberal provision of ad hoc assistance in the past decade has hindered the success of the crop insurance program and greatly increased the taxpayer costs of assisting farmers in times of disaster. **The monies that have historically been expended on ad hoc assistance should be transferred to the crop insurance baseline to fund improvements in and increased availability of that program.** Any type of permanent disaster program established for crops not currently covered by MPCI should include a private sector delivery element.

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* Developed prior to the release of the legislative language.

(2) Universally Available Catastrophic Coverage. We support the provision of some catastrophic level of crop insurance at little or no charge **if** that coverage is structured and delivered in a way that will **enhance** the incentive for farmers to acquire increased protection which is adequate to meet their true risk management needs. This coverage should be delivered **exclusively** by the private sector. The catastrophic coverage should be a standard MPCI policy that is otherwise the same as a higher coverage level policy so that it may be incorporated easily into a single policy providing higher coverage. I.e., coverage should be on an individualized farm basis using actual proven yields, whenever yield records exist. This would reduce farmer confusion and facilitate the purchase of additional protection.

(3) Exclusive Private Sector Delivery. Maximum participation of farmers at optimum levels of insurance protection can best be achieved through the use of reinsured MPCI products and one marketing and service system — the private sector. There should be no government delivery nor any Sales and Service Contractors (Master Marketers). This extends to the catastrophic level of coverage as well. The local agent will be the one-stop shop for crop insurance, or in many cases will go to the farmer to make the farmer's home the point of sale. The government can not afford nor should try to duplicate the tens of thousands of people comprising the current private sector crop insurance sales and service force. Exclusive private delivery would also capitalize on the existing relationships with nearly 700,000 policyholders. Direct FCIC policies and the infrastructure accompanying them should be eliminated.

(4) Each Farmer On Record As Insured Or Waiving Coverage. The FSA Office should distribute a certificate to each participant of record several months before the crop insurance sales closing date entitling them to a certain level of insurance coverage and verifying their eligibility for insurance. The certificate would double as a statement which the farmer would sign and return to the FSA Office if they chose not to insure themselves with any catastrophic or other level of coverage. That statement would indicate the recipient had: 1) been offered the catastrophic and any other coverage; 2) understood that this was the limit of what he or she could expect from the government in the event of a crop disaster, and 3) declined to participate. Each farm program participant should either be insured or have a signed statement on record. Farmers who do not participate in any farm programs involving the FSA office could receive the same level of insurance coverage by contacting an insurance agent without the need for a certificate.

(5) Separate USDA Risk Management Unit. A reorganized Department of Agriculture should contain a unit with adequate and experienced staff fully devoted to the management of the crop insurance program and standby disaster program for uninsured crops. FCIC should create a reinsurance division staffed with personnel with experience in the insurance or reinsurance industry. As a laboratory for reinventing government, FCIC should explore turning over a number of program functions to the private sector in accordance with guidelines established by FCIC.

(6) Government Must Continue as a Reinsurer. The government must continue to provide catastrophic reinsurance to the private sector on all approved policies. An appropriate and equitable blend of risk sharing between private insurance companies and the government should be considered for all levels of coverage.

(7) Permanent Joint Task Force. A permanent FCIC/Industry Task Force should be established for the purpose of providing a mechanism for a continuing working dialogue on program issues be they one-time or ongoing (i.e., high moisture corn, quality adjustment in general, APH, expense reimbursement, risk sharing, new products, etc.). The Task Force would include reinsured company representatives, agents, adjusters, and government agency representatives and would operate on a roll-up-the-sleeves cooperative philosophy. Such a group could help reduce administrative costs substantially by heading off practical difficulties of various proposals early in the process and certainly prior to implementation.

(8) Approve Alternative and Supplemental Policies. The existing authorities for FCIC to approve alternative and supplemental policies and to undertake pilot programs with different types of insurance coverage should be retained and fully utilized.

(9) Provide Fair and Adequate Expense Reimbursement. Congress has made the commitment to the private sector delivery of crop insurance as the most cost efficient method of increasing participation and thereby spreading the risk. If the government continues to pay the administrative and operating costs associated with the sale of crop insurance, whether loaded into the premium or paid separately as it is now, then this reimbursement should be based on the reasonable costs of delivering the program. It must be recognized that those costs increase as the administrative requirements imposed under the program and ordinary costs of doing business increase. If the government decides not to pay these costs, then the prohibition on loading these costs into the premium must be removed and very strict guidelines established to insure uniform and high-level standards of service to policyholders.

(10) Reduce Administrative Costs of Program. FCIC should conduct a thorough review, in cooperation with the private sector and farm groups, of the paperwork burdens of both the current and any reformed program. Steps should be taken to reduce those burdens and streamline, simplify, and computerize the administration of the program.

(11) Establish a Catastrophic Loss Fund. A catastrophic loss fund, perhaps by state, by crop, should be established to fund widespread disasters to avoid the need for large premium rate increases following widespread disasters.

(12) A Competitive Private Sector. In the interest of competition, the program should be crafted to encourage participation of both small and large companies as risk bearer

(13) Continued Program Reform. FCIC should not let reform happen without continuing to address various aspects of the current and reformed program that remain areas of recurring problems. FCIC should thoroughly review premium rates on a county by county basis to remove existing anomalies. The rates of a reformed program should reflect the risk exposure of the new program rather than the past program.

American Association of Crop Insurers (AACI)
Crop Insurance Research Bureau, Inc. (CIRB)
National Crop Insurance Services (NCIS)
Professional Insurance Agents (PIA)
Independent Insurance Agents of America (IIAA)
Independent Bankers Association of America (IBAA)

TALKING POINTS ON THE CROP INSURANCE REFORM PROPOSAL

WHY NOW?

It is time for the dual and competing systems of crop insurance and ad hoc disaster payments to come to an end both due to their budgetary costs and to the "disaster" (too little too late) which ad hoc disaster payments are to farmers.

We have seen in recent months the difficulty of "finding" disaster funds and the increasing movement to subject them to PAYGO. This proposal reigns disaster funding in and eliminates the authority for future non-PAYGO ad hoc payments, while at the same time providing farmers with the certainty of having some type of base level assistance in the event of a disaster.

It is in the long-term best interest of our agricultural sector to undergird it with a stable, fully funded, safety net for risk management to handle the unpredictable risks which that sector, and no other, is susceptible to year in and year out.

WHY A CROP INSURANCE APPROACH?

President Clinton and Agriculture Secretary Espy have recognized the superior attributes of an insurance solution to disaster situations over an ad hoc "throw money at the problem after the fact" solution by adopting a crop insurance solution as the primary means of disaster assistance for the future.

Crop Insurance:	Ad Hoc Disaster Assistance:
Is a plan that facilitates business planning.	Is unpredictable, ad hoc, inconsistent with planning.
Represents true risk management.	Represents no management whatsoever.
Can be used as collateral for increasingly important ag financing.	Cannot be used to backstop financing.
Encourages self-reliance and responsibility. Farmers help themselves.	Encourages dependence.
Allocates loss costs to those who properly should bear them.	Flies in the face of equity.
Encourages people to reduce premiums through loss prevention and risk avoidance, thus lowering overall costs to society.	Discourages risk management.
Exposure is measurable and can accounted for in underwriting adjustments.	Exposure is unknown and cannot be accounted for or regained.

THE ADMINISTRATION'S PROPOSAL REFLECTS:

Truth in budgeting -- Over the past six years the Federal Government has expended $1.575 billion annually on ad hoc disaster payments in addition to approximately $900 million on crop insurance, a portion of which is paid by farmers. The Administration's proposal recognizes this budget reality, it puts an end to the authority to handout such funds in the future without paying for them, and it conservatively shifts $1 billion annually to the crop insurance program.

Savings to taxpayers -- The dual system of ad hoc disaster plus crop insurance over the past six years has cost American taxpayers approximately $2.4 billion a year. The Administration's proposal according to OMB would cost $8.1 billion over five years or approximately $1.62 billion/year. This is a savings of $780 million/year or $3.9 billion over five years using actual disaster expenditure figures for the past six years!

Even using the conservative $1 billion in disaster expenditures from the 10-year average, OMB's estimates show a five-year savings of $750 million. If CBO's scoring of the cost of the reform proposal is used with OMB's $1 billion added in the baseline, taxpayers would still show a savings of $350 million over five years!

Improved risk management options to farmers -- For the many reasons outlined above, crop insurance is a far superior means for addressing disasters than ad hoc payments. Insurance improves farmers' ability to obtain financing and manage weather as well as market risks. The increased incentives in the package for additional levels of coverage will help insure a wider number of farmers are adequately protected.

Utilization of the private sector in partnership with government -- The private sector now delivers and services over 93% of all federal crop insurance in the U.S. Farmers prefer dealing with private agents and companies and FCIC has already decided to phase out federal paper for 1995. The private sector provides a number of advantages that reduce government costs, improve farmer service, and avoid duplicative delivery infrastructures. The reform proposal builds on these concepts. However, it may need to go further and utilize the private sector to the maximum in concert with the Reinventing Government initiative.

Good public policy -- Providing for the risk management protection of America's food and fiber production system is vital to the survival of that sector of our economy and to the continued availability of the world's safest and cheapest food suppy. Risk protection becomes increasingly important due to the fact that risks increase as farm program supports decrease, and that decreasing trend is virtually unstoppable. It is in the public's interest to maintain this system in a planned, budget accountable manner. The Administration's proposal does this. In addition, the choice of a insurance solution is also the best policy choice.

Without the full funding, the Administration's reform proposal will not be able to accomplish the goals necessary to provide American producers of food and fiber with the risk management protection they need and deserve at a cost that American taxpayers can afford to bear.

SUMMARY OF PAPERWORK REDUCTION IDEAS

1. Timely and Predictable Release of Program Information

Crop program information and the corresponding actuarial materials are often not released in time for companies to perform strategic planning for such items as internal training, agency training, and proper marketing of the crop insurance program. The program information and actuarial materials need to be in the hands of the companies six months in advance of the sales closing date for the crops affected.

2. Tolerances for Acreage Modifications

After the acreage reporting date, any change in acreage, regardless of size, results in modification to the policy and reissuance of some policy paperwork like the declaration page. If the revision is upwards, an inspection will also have to occur. Tolerances should be established such that acreage can change within tolerance, without requiring inspections and reissuance of policy paperwork.

3. FCI-5 Agreement

Eliminate the insured signature portion for the application for coverage (FCI-5) so the company or the agency is authorized to make the request. The insured must sign the resulting offer of insurance (FCI-2) anyway, making the signatures on both forms duplicative and requiring an extra trip for the insured or the agent.

4. Wetlands ACT

Different approaches are used by different county ASCS offices in verifying compliance with Sodbuster/Swampbuster. All ASCS offices should have the capability to print, based upon written request, copies of a producer's ASCS Form 424 and all offices should use the same system of verification. In addition, the insured must also sign a disclaimer at the time of processing a claim that they remain in compliance with Sodbuster/Swampbuster. ASCS and FCIC should develop an interactive database to streamline this whole process.

5. Minimum Premium

Institute a minimum premium as is done for Crop Hail policies. Companies must process policies with premiums as low as $1.00. It takes virtually the same time and effort (hence costs) to process small premium policies as it does large ones.

6. Data Reporting Requirements

We must electronically transmit 12 different records types, 250 bytes each, with a total of 485 data fields. Duplicate information is being processed by the FCIC and the insurance companies. We need to eliminate insignificant data, consolidate multiple records into one record group and/or group redundant data and send only once.

7. Educational Requirements

We must furnish agendas, copies of tests, handouts and various other materials to compliance auditors annually to support our training programs. In addition, we also must provide at least 24 hours of classroom training to each adjuster. Each company should be able to provide compliance auditors with the above data for approval of our training programs one time and not on an annual basis unless they have changed. Also, the company should be able to determine the number of hours of training each individual needs, based upon observation and not some arbitrary requirement.

8. High Risk Land Rating Procedures

This is currently a manual rating procedure as the FCIC does not have an automated edit in place. In its present state, someone must physically review a map to determine if a policyholder is insuring high risk land. This is very time consuming and inefficient, as the maps are not easy to read, which can result in improper classification. The FCIC itself does not currently have an automated edit in place for high risk land. This means the only time potential high risk land locations are reviewed is in the event of a compliance audit. Obviously, the opportunity for high risk land to be improperly rated and never corrected is great.

FCIC should develop a database of high risk land locations that the insurance companies can load into their systems. This would provide an efficient automated method in which to identify high risk land locations and then rate accordingly.

9. APH & Acreage Reports

Both APH and Acreage reports are required separately and at different due dates thereby resulting in the file having to be handled twice for information that could easily be provided all at one time. The due dates for both of these pieces of data should be the same, and the data should be reported on the same form.

10. Missing Acreage Reports

Insureds may choose to not file an acreage report and try to get out of a policy if they perceive conditions to be good at that point in time. If the company wishes to determine whether in fact a crop was planted and the acreage, they must absorb the costs of having an adjuster visit the farm. The company should have the latitude to cancel the policy for non-performance or contract with an adjuster to have an inspection done at the expense of the insured.

11. Obtaining ASCS Established Yields

On many units, ASCS program yields are required to either establish or complete the APH database. It is the insured's responsibility to provide this information by the production reporting date. There should be a minimum county established yield that could be used when the insured does not provide one. This yield would need to be low enough in order to provide an incentive for the insured to obtain the ASCS established yield. Another option to facilitate this process would be to allow the companies to obtain the ASCS established yield via a documented phone call to the ASCS office without hardcopy documentation.

12. Handling Requests to the Regional Service Office

In several situations, the company is required to obtain information from the Regional Service Office, called written agreements, in order to write and service a policy. A few examples of this would be crops that do not have a rate established in the county, for obtaining the determined yields on category C crops and for determining a classification if one is not published on peanuts and tobacco. The companies should be given the necessary authority and training, under established guidelines, to administer the situations that require written agreements.

13. Consolidated loss adjustment forms/process.

We would request that ASCS and insurance companies develop one complete source document that would be used for loss adjustment purposes. The form would include line item legal descriptions, acreage, share, practice, intended use, compliance with sodbuster/swampbuster, established yield and any other pertinent data. The next step in the process would be automation that would allow companies by computer modems to access this information. Companies could then dial up and request this for insureds with losses and print the data in their own offices.

14. ASCS Paperwork re losses

The current forms, systems, and practice between crop insurance and ASCS as it relates to losses and several program items are totally inefficient and wasteful. Greater coordination and discipline needs to occur. There needs to be one set of rules that everyone must follow.

MIDWEST FEEDS CONSORTIUM

WITNESS

STEVEN C. NOAH, REPRESENTATIVE, MIDWEST FEEDS CONSORTIUM

Mr. DURBIN. Mr. Noah, welcome to the subcommittee.

Mr. NOAH. Thank you, Mr. Chairman.

Mr. DURBIN. We have your statement.

Mr. NOAH. In the interest of time, may I summarize my testimony and submit the documents for the record?

Mr. DURBIN. Well—yes, you may. [Laughter.]

Mr. NOAH. Thank you, Mr. Chairman and members of the subcommittee.

First of all, thank you for supporting our efforts to expand the markets for American grains. Our research program is just beginning, and I'm here to ask for your continued support.

Our program is designed to increase the use of American crops in rations used for fish-grown as aquacultural crops. Aquaculture is the fastest growing segment of American agriculture, and the potential for using plant protein and fish diets is enormous.

The catfish industry is already using the props in their fish diets, and today 500,000 acres of corn, wheat and soybeans are used for the feed in the catfish industry.

Aquacultural growth is estimated to continue between eight and ten percent annually through the end of the decade. By the year 2000, there will be the demand for 6.6 million metric tons of aquacultural feed.

The high cost and unpredictable quality and availability of high quality fish meal could hamper the growth of aquaculture, however plant protein grown by America's grain farmers could replace much of this fish meal requirement.

Nutrition is the backbone of the feeds industry, and to use plant protein in lieu of fish meal, there must be a scientific analysis and documentation of the nutritional value of specific feed products relative to specific target animals.

After there has been a systematic analysis of the nutritional value of U.S. grains, research will match products with aquacultural needs. The Midwest Food Consortium was formed to conduct this research and to develop the required feeds.

The Midwest Feeds Consortium involves the midwest agri-business trade, research and information center, the center for agriculture and rural development at Iowa State University, and the Oceanic Institute in Hawaii.

The Consortium's work will benefit America's agriculture, help create value-added uses for our crops, support America's feed industries, and help to create jobs in rural communities.

Mr. Chairman, we very much appreciate the support of this subcommittee in the past, and respectfuly request your favorable consideration for continued support of the Midwest Feed Consortium.

Mr. DURBIN. Thanks, Mr. Noah. I believe you're on the right track here, and that's why our subcommittee funded this program last year.

We have been told by the USDA that the opportunities for export markets are limited, and that we must look for alternative uses domestically. I think this is an excellent opportunity for us.

You mentioned something earlier to me about the percent of this feed that might be subject to export, and I wish you would put that on the record at this time too.

Mr. NOAH. Yes, sir. One of our targeted species is the shrimp industry, and I have been told by our friends at the Oceanic Institute that as much as 90 percent of the shrimp that is commercially raised, is raised offshore.

A problem that offshore shrimp companies have at the present time is a high quality feed. This is due to the high cost and questionable quality of fish meal.

If we are successful in our research and produce a feed using plant protein in lieu of fish meal in shrimp rations, this will create a huge export market for soybean crop, for value-added feed manufactured in the United States, and sent to shrimp farms offshore.

Mr. DURBIN. Mr. Skeen.

Mr. SKEEN. Thank you, Mr. Chairman, and I will just make one comment. With only 2.2 percent of the population in this country in agriculture, diversity has to be the aim, and you certainly demonstrate it, and the ability to diversify this feed and to create a new market for it. Congratulations.

Mr. NOAH. Thank you, Mr. Skeen.

Mr. SKEEN. Thanks, Mr. Chairman.

Mr. DURBIN. Thanks, Mr. Noah.

Mr. NOAH. Thank you, Mr. Chairman.

[The information follows:]

TESTIMONY OF MR. STEVE NOAH

THE CORPORATION FOR INTERNATIONAL TRADE
DES MOINES, IOWA

BEFORE THE SUBCOMMITTEE ON APPROPRIATIONS
ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG
ADMINISTRATION, AND RELATED AGENCIES

COMMITTEE ON APPROPRIATIONS
MARCH 16, 1994

Mr. Chairman, I am pleased to appear before the Subcommittee and to provide testimony on behalf of the Midwest Feeds Consortium. We are grateful for the support we have received for our efforts to expand the markets for American grains.

The potential to incorporate plant material as a substitute for fish meal in the rations for fish grown as aquacultural crops is enormous.

One challenge to the agriculture industry is to increase the demand for grain and oilseed products, and animal by-products, through the export of complete rations or mixes.

Nutrition is the backbone of the feeds industry. Market expansion can only be achieved by documentation of the nutritional value of feed products relative to specific target animals.

A systematic approach to assaying the nutritional value of agricultural products is needed. Further work between nutritionists and feed processors could then better match products with industry needs.

The worldwide aquaculture industry is an area of opportunity for our feed industry. Growth in this industry is estimated to continue between 8 and 10% annually to the end of this decade, and it is estimated that worldwide aquaculture feed production will be 6.6 million metric tons by the year 2000.

A serious constraint on the growth of the aquaculture industry is the cost and availability of high-quality feed ingredients, especially marine protein ingredients. Economical alternatives for conventional aquaculture diet ingredients must be developed to sustain the industry's expansion. An additional constraint is the disposal of fish and shrimp processing waste.

The Midwest Feeds Consortium was formed to conduct the research and development required to address these opportunities. Consortium members include the Corporation for International Trade, the Midwest Agribusiness Trade Research and Information Center, the Center for Agricultural and Rural Development at Iowa State University, and the Oceanic Institute in Hawaii.

The research program developed by the Consortium is just beginning. We are convinced that results will help a broad cross-section of agriculture and support industries. Farmers will benefit from the opening of new markets for their products.

It is anticipated that soybean, wheat, corn, and animal by-product producers will derive a greater penetration of their products into the rapidly expanding international aquaculture feeds market.

Animal by-product producers will benefit from the systematic evaluation of their products. Blood products, gelatin, feather meal, meat and bone meal, as well as other products currently under development, will receive international attention based on the growth and digestibility information generated.

Aquaculture is the fastest growing segment of American agriculture and the potential for using grains in the diets of fish is enormous. Research has demonstrated clearly that plant proteins can be substituted for animal proteins in fish diets.

The byproducts of seafood and aquaculture processing can be used to enhance feeds for terrestrial animals, but the technological advances required must be understood.

Consequently, Mr. Chairman, the Midwest Feed Consortium respectfully asks for continued support for this important work.

MARINE SHRIMP FARMING PROGRAM

WITNESS

BILLE HOUGART, REPRESENTATIVE, THE OCEANIC INSTITUTE

Mr. DURBIN. Dr. Rowland, Oceanic Institute Center for Applied Aquaculture.

Mr. HOUGART. Mr. Chairman, as you can tell, I'm not Bill Rowland.

Mr. DURBIN. No, you're not.

Mr. HOUGART. But he sends his fondest alohas. He could not be here today and asked me to send his testimony.

Mr. DURBIN. Please, identify yourself.

Mr. HOUGART. I'm Bill Hougart with the Oceanic Institute.

Mr. DURBIN. Thank you, Bill.

Mr. HOUGART. I know from your recent visit to the islands, that you toured our facilities, and so that you are very much familiar with our state of progress in construction, and so in the interest of time, let me just say that a recent National Academy of Sciences report came to my attention the other day, and it discusses future marine aquaculture, constraints and opportunities, and one of the key recommendations in that report was that there needs to be a strong federal support primarily through the Department of Agriculture for centers of excellence, if you will, technology centers for marine aquaculture.

And that such centers can overcome problems in the biology of marine animals, as well as certain social and economic problems.

And so we are especially pleased that we beat the National Academy of Sciences to this conclusion by about 30 years, but we are happy for their endorsement, and we would very much appreciate your continued support, and that of the subcommittee.

Mr. DURBIN. Thanks a lot, and I think one of the things that I came away with, aside from a very favorable impression of the Oceanic Institute, was the vulnerability of shrimp production nationwide.

I shouldn't say nationwide—worldwide. Many of the countries which were the largest producers of shrimp in years gone by, because of disease, had literally lost their market, and were desparate to find alternatives.

I also recall that they informed me that shrimp was either number one or number two in every region of the United States in terms of consumer preference, so I think we're on the right track here.

I think the Oceanic Institute and their efforts in research are going to help us a lot in years to come.

Mr. Skeen?

Mr. SKEEN. Thank you, Mr. Chairman. I too want to add my congratulations to the Institute. You do fine work, and maybe we can come up with some answers to the endangered species act or something like that, especially as it applies to aquaculture. We would like to have some onshore help.

Mr. HOUGART. I will have a proposal to you in a couple of days. [Laughter.]

Mr. SKEEN. Thanks. Thank you, Mr. Chairman.

Mr. DURBIN. Thanks for your testimony.

[The information follows:]

TESTIMONY OF

MR. WILLIAM C. ROWLAND, PRESIDENT,
THE OCEANIC INSTITUTE

BEFORE

THE SUBCOMMITTEE ON APPROPRIATIONS
ON
AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND
RELATED AGENCIES

COMMITTEE ON APPROPRIATIONS

U.S. HOUSE OF REPRESENTATIVES

MARCH 16, 1994

Mr. Chairman, thank you for the opportunity to appear before you and for the Subcommittee's support of the development of the Center for Applied Aquaculture at The Oceanic Institute in Hawaii.

The continued growth of the U.S. aquaculture industry will be fostered by an enhanced national program of aquaculture research and development, the success of which will depend on the nation's leading freshwater and marine aquaculture research institutions.

These institutions must have research and technical personnel, laboratory infrastructure, large-scale testing facilities, and the education and training programs that will be necessary to carry out expanded and increasingly sophisticated programs of aquaculture research and development.

Thanks to your continued support of this concept, these services will be provided to marine and brackish water commercial aquaculture interests through the Center for Applied Aquaculture at The Oceanic Institute. The enhancement of The Institute's applied aquaculture research capabilities will put the United States in the forefront of marine and brackish water aquaculture development throughout the world for many years to come.

Currently under construction, these facilities will provide the nation's aquaculture industry with the capability to perform at a level which is expected in today's world of high technology.

The concept proposal submitted to the Congress in March 1987, outlined the development of the Center. Through this Subcommittee, $6.125 million were appropriated and an additional $5 million were appropriated from the State of Hawaii. Since then, the private sector has contributed over $1 million to the project and, in FY 1994, an additional $2.1 million were appropriated to continue the Center's development.

The original Development Plan describes the Center's operations, buildings, infrastructure and equipment. The proposed buildings and infrastructure in the Master Plan include an administrative complex, a central services building with offices, storage and utilities facilities, a laboratory/office building, ten research modules, a maintenance building, a saltwater supply, storage, distribution and disposal system, and parking lots, roads and sidewalks, and remote sites on the Outer Islands.

FY 1994 funding is budgeted as follows:

1. Phase II development of CAA at the Makapuu site ($1,192,000)

2. Phase I development of hatchery facilities at the Molokai site ($300,000)

3. Phase I development of the Nucleus Breeding Center at the Big Island site ($510,430)

4. Phase I development of environmental studies facilities at the West Hawaii College site ($150,000)

Phase II development at Makapuu includes service and support buildings that will be required to accompany the feed mill laboratory. An expanded maintenance building will be required as the newly constructed facility doubles the responsibilities of the maintenance department. OI's need for sufficient quantity and quality of water has increased the demands of existing saltwater sources and the discharge system. A new and innovative discharge system holds the potential for not only increasing the quality of water discharged from OI, but also preparing the water for possible reuse through a site-wide recirculating system.

Phase I development involves construction of a multi-use hatchery on the Island of Molokai. The hatchery is designed to produce 200,000 fry per rearing cycle. The facility calls for production of three cycles of mullet fry in the winter months, with the potential to produce milkfish and threadfin in the summer. The hatchery will be self-sustaining, with all necessary feed produced on-site.

The Phase I development of the Nucleus Breeding Center on the Big Island of Hawaii will include facilities for quarantine, maturation and reproduction, nursery, growout, broodstock rearing, family testing, evaluation and selection. This facility is necessary to protect and improve captive, specific pathogen-free domesticated shrimp stock. Quarantine facility on the Big Island of Hawaii will further reduce risks of contaminating critical R&D aquaculture stocks with pathological agents and will further strengthen the United States' position as a provider of High-health genetically improved animals for America's aquaculture producers.

A facility designed for the study of environmental issues, including training and education opportunities in aquaculture and marine sciences will be developed in cooperation with West Hawaii College, also on the Big Island of Hawaii.

These further improvements build on the investment already made and, upon completion, will allow the Center for Applied Aquaculture to realize its fully intended potential as a world-class applied aquaculture research and training center.

Mr. Chairman, we are requesting funding of $3 million in FY 1995 for the further development of the following facilities at the Center for Applied Aquaculture at its Makapuu and Outer Island sites:

1. Phase III development at the Makapuu site for service and support, maintenance, water discharge system, and quarantine facilities ($1,150,000)

2. Phase II development of the Nucleus Breeding Facility on the Big Island of Hawaii ($500,000)

3. Phase II development of the Molokai Hatchery site ($350,000)

4. Phase II development of the West Hawaii College site. ($1,000,000)

Again, Mr. Chairman, we are grateful for the Subcommittee's support of the Center for Applied Aquaculture. We respectfully ask for your assistance in completing the project.

ALTERNATIVE CROPS RESEARCH

WITNESS

SHELBY F. THAMES, PROFESSOR, UNIVERSITY OF SOUTHERN MISSISSIPPI AND THE MISSISSIPPI POLYMER INSTITUTE

Mr. DURBIN. Dr. Thames. I'm going to mispronounce it—Thames. Is it just like the river?

Mr. THAMES. Like the river.

Mr. DURBIN. Okay, from the University of Southern Mississippi, and the Mississippi Polymer Institute.

Mr. THAMES. How are you doing today?

Mr. DURBIN. I'm doing great, how are you?

Mr. THAMES. Very fine, thank you.

Mr. DURBIN. Good.

Mr. THAMES. I have a little show and tell here.

Mr. DURBIN. All right, we need it.

Mr. SKEEN. Put it up.

Mr. THAMES. Well, that's good. We will wake things up here.

Mr. DURBIN. Batteries included.

Mr. THAMES. If I may just have a few moments to show you something.

[Pause.]

Mr. DURBIN. Fire when ready.

Mr. THAMES. Mr. Chairman and distinguished members of the subcommittee, I would like to thank you for this opportunity to provide testimony concerning the ongoing efforts of the Mississippi Polymer Institute.

I would also like to repeat my expression of gratitude to the subcommittee for its leadership and support of the institute and its work.

This testimony will include an update on the progress of the institute since my testimony of one year ago. I requested this testimony because I'm excited about the progress made during the last year, and wanted to share my excitement with you.

In 1983, the Mississippi legislature authorized the Polymer Institute at USM, the University of Southern Mississippi, to work closely with the emerging industries and other existing polymer-related industries to assist with research, problem-solving, and commercialization efforts.

As an integral part of the basic research and educational mission of the department of polymer science, the institute provides industry and government with applied research, development support, and other commercializing assistance.

This effort complements existing strong ties with industry and government involving exchange of information and improved opportunities for employment of our graduates.

Most importantly through basic and applied research, coupled with development and commercializing efforts of the institute, the department of polymer science will continue to address national needs of high priority.

A major goal of the institute was the commercialization of alternative agricultural crops through applied research and product development. The polymer industry is the largest chemical products industry in the world, and heretofore has been highly dependent on petrolium utilization.

However, the efforts of the Mississippi Polymer Institute are focusing on reducing our nation's dependence on petroleum usage by commercializing agricultural material as a petroleum substitute.

As we move forward with these commercializing efforts, our national dependence on imported petroleum and imported farm crops will diminish, and the result will be new cooperative opportunities for American farmers and American industry.

Your decisions will effect our ability to accomplish these goals as funding from this subcommittee has enabled us, the institute, to implement and maintain an active group of university-based polymer scientists whose energies are devoted to commercializing alternative crops.

We are most grateful to you for this support, and I ask for your continued commitment. The faculty, the university and the State of Mississippi are strongly supportive of the Mississippi Polymer Institute, and its close ties with industry.

Most faculty maintain at least one industrial contact as an important part of the extramural research efforts. Polymers which include fibers, plastics, composites, coatings and elastomers play a major role in materials today. They are used in a wide range of industries including textiles, aerospace, automotive, packaging, construction, adhesives, medical prosthesis and health care.

In the aerospace and automotive applications, their reduced weight and high-strength factors make them increasingly important as fuel savers. Their non-metallic character and design potential makes them suitable for many national defense purposes.

Moreover, select polymers are possible substitutes for so-called strategic materials, some of which come from potentially unreliable sources.

Polymer applications also include advance composite materials. These lightweight, high-strength polymer compositions are replacing steel, and other conventional metals in housing, automotive and aerospace industries.

In the housing and construction industry, for example, an industry which represents the second largest market of the polymer resins, are used in the manufacture of doors, piping, thermal foam insulation, paint, floor, wall-covering and windows, to mention a few applications.

As a polymer scientist, I am intrigued by the vast opportunities offered by American agriculture. As a professor, however, I'm disappointed that very few of our science and business students receive training in the polymer/ag. discipline, and the enormous potential it offers.

I became involved in the polymer field 30 years ago, and since that time, have watched its evolution. We are almost—each new product utilization offered the opportunity for many more.

Although polymer science as a discipline has experienced expansion and a degree of public acceptance, alternative agricultural materials are an under-utilized national treasure for this industry.

Petroleum-derived raw materials have heretofore made up the bulk of the raw materials for the polymer industry, however there is less acceptance of petroleum-derived materials today than ever before, and consequently the timing is ideal for agricultural materials to make significant in-roads as environmentally friendly, biodegradable, and renewal raw materials.

These agricultural materials have always been available for use by our society, but for some reason, the opportunities have not been recognized.

I would like to share with you several examples to support this tenet, and that's when we get to the show and tell.

Mother Nature, and Mr. Skeen will be particularly interested in this, mother nature has utilized a plant called guayule which is grown in Texas, New Mexico and Arizona.

This particular plant does produce high molecular weight natural rubber. Natural rubber is the best rubber known to man. Mother Nature, her laboratories are much more effective than our university or anywhere else.

However, this particular product, natural rubber, is augmented by several other co-products that come out of the guayule plant. We have been able to extract from this plant a resinous material which has antitermitic and antibarnacle activity.

When I was here a year ago and talked to you, I explained to you that there were 42 components in this resinous material, individual chemical components, and that during the course of the year, we were going to try to determine which one of the specific materials were responsible for that biological activity.

We have done that during this past year. Of those 42 materials, we have isolated the individual material, and it is now under investigation in the waters of the Gulf Coast of Mississippi, and by the U.S. Paint Company in St. Louis, Missouri.

I hope that you will be pleased to know that we have leveraged the money that we received from you, and that we have received $140,000 from U.S. Paint Company in support of this project.

Now, the significance of this project is that today antibarnacle and zebra muscle activity is brought about by the use of coatings that contain copper and tin, both of which are toxic and are filling our waterways.

This product is a natural product. It contains no metal and it comes from natural sources. So we are very optimistic about this, and we will continue to pursue this activity, and that is one example, and here are some panels showing that the coating on your far right has the resin of a year ago in it. There were no barnacles growing on that particular coating, but the one in the middle here had no guayule resin and of course, it is infested with barnacles.

Termites also do not like this material. If you put termites in this side of a plastic container, and this side of a container, and you put wood that's not been treated over here, and wood that has been dipped in guayule here, the termites over here quickly go to the wood that has not been treated.

They stay there. They eat all that wood, and they will starve to death before they go over and attempt to the wood that is treated with the guayule resin. We now know what that active component is. We are isolating larger amounts of it, and we are doing more extensive investigations.

The next approach is how do we make that material become part of a polymer which will give us long-term activity? Five weeks or six weeks is not efficient enough. It has to be over a long period of years, so there is a lot of work to do, but we are closing in on that.

Secondly, we're exploring the potential of Lesquerella. Lesquerella is a crop that produces a triglyceride. A triglyceride is, in common terms, is a fat, and in this particular case, the triglyceride that comes from Lewquerella is very similar of that that comes from castor oil.

I'm showing one example here of a product that we made from Lesquerella, and those are foams because this market is huge. Currently there is about $50 to $75 million a year of castor oil that is imported into America. We don't grow it here.

What we're trying to do, and here is a example of the larger pieces of foam, is to produce a number of different type foams—foam for dashboards of automobiles, foam for chairs, foam for construction—and begin to replace the castor oil that is used in that market.

So that is a $150 million swing if we are able to pull that out, i.e., we don't import $75 million of castor oil, and we sell $75 million of Lesquerella.

Now, we also are interested in producing materials that don't contain volatile organic compounds. In this day and age, any organic compound that volatilizes into the atmosphere is a form of a pollutant, and all the coatings industry, all the industries in the world are getting away from volatile components, so that means you've got ot use a solvent that's not organic, and then the logical solvent to use is water.

When you go from a solvent technology to water technology, there's a great deal of science involved, and here is one example of some work that we've done this past year where we produced a water-born water-proofer that is better than existing commercial products.

For instance, this is an existing commercial product that is sold on the market today. It's an organic solvent. Ninety percent of the volume that you buy is a volatile component and goes into the atmosphere. This material comes, in large measure, from natural products. It is cast in water and it's been exposed nine months.

This looks this bad after six weeks, so we are definitely making some headway. We are able to use Lesquerella as a despersant in paint to give better corrosion protection.

We found that kenaf interdispersed and extruded with polyethalene functions as a strength and stiffening modifier, yet the final product is very lightweight.

Vernonia oil is a particular attractive ag. material and it possesses a chemical reactive apoxide group not found in natural products, not often found in natural products.

This group is known for its utility in ring-opening polymerizations, but it is typically formed through synthetic chemistry at the laboratory bench, and this particular material, Mother Nature makes it for us.

All of America is concerned with the AIDS virus and the protection of health care personnel who administer AIDS patients, thus there is an overpowering need for cut-proof, and non-permeable gloves for health care personnel.

Our group has an active development program in cooperation with a nationally known glove manufacturer for the development of a cut-proof and non-permeable glove.

We are currently investigating the use of hyproallergenic guayule rubber for this application. It is clear that commercial utilization of agricultural products is needed. However, more effort is required for this massive but rewarding undertaking.

I was disappointed when Warner-Lambert, by its Novon division, went out of business. As a result, a significant industrial player is no longer investing in research and development for the industrialization of ag. materials.

A major thrust of Novon's efforts were directed at the use of cornstarch in biodegradable plastics, as well as high performance composites from starch.

This work promised to lead to several commercial products and it must be continued. Thus I propose to take up this effort in part, and initiate an aggressive program of starch-utilization and polymer design and manufacturer if Congressional funding can be increased this year.

Dr. Eric George, a past Novon employee, has written to express his support of this concept, and I have included this letter as an addendum.

The United States agriculture has made the transition from the farm fields to the kitchen tables, but Americans in industrial communities have been frightfully slow in adopting their use as industrial materials.

Let us aggressively pursue this opportunity, and in doing so, we will intensify the U.S. effort to commercialize alternative crops. We will reduce the U.S. reliance on imported petroleum. We will maintain a healthy and prosperous farm economy, and we will foster new cooperative opportunities for American farmers and American industry.

At the same time, we will reduce our reliance on imported and nationally-significant strategic materials.

Mr. Chairman and members of the committee, your leadership and support are greatly appreciated by the Mississippi Polymer Institute.

While I greatly appreciate the difficult financial constraints facing your subcommittee this year, I feel confident that further support of the Mississippi Polymer Institue will continue the dividends of increasing commercialization opportunites of ag. materials in American industry.

Thank you, and if you have any questions, I will certainly be happy to answer them.

Mr. DURBIN. Dr. Thames, what is the commercial comparison between Lesquerella and castor oil?

Mr. THAMES. A product name?

Mr. DURBIN. No, I'm just asking about the cost at deriving this foam from Lesquerella as opposed to castor oil.

Mr. THAMES. I can't give you that answer because we don't have a large supply of castor oil, or Lesquerella as we do castor.

What we have to do here, and somewhere, this same question came up last year and it is one I feel badly about because I can't give you a definitive answer.

Mr. DURBIN. We're going to keep answering it every year.

Mr. THAMES. That's good. I'm glad that you will, but what we have to do is we have to get the farmers to begin growing this material, and make it available to industry, because the one question that I always get when I go to Dow Chemicals and the other companies and say you need to use this material for your foam preparation—how much does it cost? And what kind of supply can you give me?

However, if I didn't go with the foam, there would be no questions asked about Lesquerella. There would be no product utility, no one would ever ask about using it, so it's a chicken and the egg problem.

Here are the products. Here's what you can do with it? Now, American farmer, grow it for me, put it on the market so that we can sell it in a competitive fashion, and I believe if they can grow castor bean and product it on the marketplace at a competitive price, that certainly we should be able to do that with Lesquerella because it's grown on a wide-basis in America. It is not located or isolated to one specific region.

So I hope in a year or two I will be able to give you a dollar value, but I can't today.

Mr. DURBIN. Thank you.

Mr. THAMES. Yes, sir.

Mr. DURBIN. Now the guardian of guayule, Mr. Skeen.

Mr. SKEEN. I'm very excited, first of all, to see that we have finally come to a real end product that can get a lot more acceptance and adaptability for guayule and some of the rest.

We had before us the other day, the AARC group, the alternative agricultural research and commercialization group. Have you had any association with them?

Mr. THAMES. Yes, sir.

Mr. SKEEN. I, too, share your concern over the high risk, and whether you have a supply and what the cost is. Those are basic questions that we have to answer.

Mr. THAMES. Yes, sir.

Mr. SKEEN. By next year, maybe you will have at least one in the market place——

Mr. THAMES. Well, I believe if we develop enough of these products from enough of the co-products, then people will begin to pay attention and say we need to grow that, and we need to begin to grow some guayule in New Mexico and Arizona and in Texas. We need some production. We need thousands of acres.

That's why we have a small enough amount to do this research in the laboratories, but we need to commercialize.

Mr. SKEEN. The farmer's problem is who's going to buy it.

Mr. THAMES. Yes, sir, and that's what I'm trying to do, is to make those products——

Mr. SKEEN. So we've got that transition to make.

Mr. THAMES. Yes, sir.

Mr. SKEEN. We would like to help do that, and I think that you touched on something that we're going to have to do in agriculture because the margins are so thin. We've got to move on, but getting this breakthrough has been a very tough part of the equation.

Mr. THAMES. Yes, sir.

Mr. SKEEN. But we want to tell you that your work has been magnificant.

Mr. THAMES. Thank you.

Mr. SKEEN. The composite industry, particularly in aircraft and aerospace, is very evident because we're building whole airplanes out of composite materials.

Thank you, sir.

Mr. THAMES. Yes, sir.

Mr. SKEEN. Thank you, Mr. Chairman.

Mr. DURBIN. Thank you very much.

Mr. THAMES. Yes, sir. Thank you.

Mr. DURBIN. Guayule Airline. [Laughter.]

[The information follows:]

TESTIMONY OF
DR. SHELBY THAMES
DISTINGUISHED UNIVERSITY RESEARCH PROFESSOR
PROFESSOR OF POLYMER SCIENCE
UNIVERSITY OF SOUTHERN MISSISSIPPI
HATTIESBURG, MISSISSIPPI

BEFORE THE

HOUSE APPROPRIATIONS SUBCOMMITTEE ON RURAL DEVELOPMENT, AGRICULTURE, AND RELATED AGENCIES

MARCH 16, 1994

Mr. Chairman, distinguished Members of the Subcommittee, I would like to thank you for this opportunity to provide testimony to you concerning the ongoing efforts of the University of Southern Mississippi (USM) and the Mississippi Polymer Institute. I would also like to repeat my expression of gratitude to the Subcommittee for its many years of leadership and support of the Institute and its work. This testimony will include an update on the progress of the Institute since my testimony of one year ago. I requested this testimony because I am excited about the progress made during the last year and wanted to share this excitement with you.

In 1983, the Mississippi Legislature authorized the Polymer Institute at USM to work closely with emerging industries and other existing polymer-related industries to assist with research, problem-solving, and commercializing efforts. As an integral part of the basic research and educational mission of the Department of Polymer Science, the Institute provides industry and government with applied research, development support, and other commercializing assistance. This effort complements existing strong ties with industry and government involving exchange of information and improved employment opportunities for USM graduates. Most important, through basic and applied research coupled with the developmental and commercializing efforts of the Institute, the Department of Polymer Science will continue to address national needs of high priority.

A major goal of the Institute is to assist with commercialization of alternative agricultural crops through applied research and product development. The polymer industry is the largest chemical products industry in the world and heretofore has been highly dependent upon petroleum utilization. However, the efforts of the MPI are focusing on reducing our nation's dependence on petroleum usage via commercializing agricultural materials as petroleum substitutes. As we move forward with these commercializing efforts, our national dependency on imported petroleum and imported farm crops will diminish and the result will be new cooperative opportunities for American farmers and American industry. Your decisions will affect our ability to accomplish these goals as funding from this Subcommittee has enabled the Institute to implement and maintain an active group of university-based polymer scientists whose energies are devoted to commercializing alternative crops. We are most grateful to you for this support and ask for your continued commitment.

The faculty, the University, and the State of Mississippi are strongly supportive of the Mississippi Polymer Institute and its close ties with industry. Most faculty maintain at least one industrial contact as an important part of extramural research efforts.

Polymers, which include fibers, plastics, composites, coatings, and elastomers, play a key role in the materials industry. They are used in a wide range of industries including textiles, aerospace, automotive, packaging, construction, adhesive, medical prosthesis, and health care. In the aerospace and automotive applications, their reduced weight and high strength factors make them increasingly important as fuel savers. Their non-metallic character and design potentials make them suitable for many national defense purposes. Moveover, select polymers are possible substitutes for so-called strategic materials, some of which come from potentially unreliable sources.

Polymer applications also include advanced composite materials. These lightweight, high-strength polymer compositions are replacing steel and other conventional metals in the housing, automotive, and aerospace industries. In the housing and construction industry, for example, an industry which represents the second largest market for polymer resins, polymers are used in the manufacture of doors, piping, thermal foam insulation, paint, floor and wall coverings, and windows.

As a polymer scientist, I am intrigued by the vast opportunities offered by American agriculture. As a professor, however, I am disappointed that very few of our science and business students receive training in the polymer-agricultural discipline and the enormous potential it offers.

I became involved in the polymer field 30 years ago, and since that time have watched its evolution where almost each new product utilization offered the opportunity for many more. Although polymer science as a discipline has experienced expansion and a degree of public acceptance, alternative agricultural materials are an under-utilized national treasure for this industry. Petroleum derived raw materials have heretofore made up the bulk of the raw materials for the polymer industry. However, there is less acceptance of petroleum derived materials today than ever before and consequently the timing is ideal for agricultural materials to make significant inroads as environmentally friendly, biodegradable, and renewable raw materials. These agricultural materials have always been available for our use yet society, for many reasons, has not recognized their potential. I would like to share with you several examples to support this tenet:

- Mother nature uses the guayule plant to synthesize natural rubber or poly-cis-isoprene of higher quality than synthetic rubber that is prepared in a laboratory setting. In addition to high molecular weight natural rubber, at least four other coproduct fractions are obtained and we have developed commercially viable products from two of the four coproduct fractions. The products are new ag based powder coatings, chlorinated rubber modified polymers, acrylated chlorinated rubber water borne polymers, peelable coatings, pressure sensitive adhesives from low molecular weight guayule rubber, 100% solids ultraviolet cured coatings with no VOCs.

- Secondly, we are exploiting the potential of Lesquerella, a crop that produces a triglyceride similar to castor oil. We have developed several products from lesquerella including polyesters, stains, foams, and pressure sensitive adhesives. Specifically, new foams - both closed cell and open cell foams - have been synthesized and evaluated. They are of high quality and offer a substitute for castor oil based foams which are used extensively in industrial products and the entire U.S. supply, $50-75 million, is imported. Thus, as lesquerella oil replaces castor oil, U.S. imports are reduced and America's rural economy is the benefactor.

- Our greatest scientific minds, when pitted against the barnacle or zebra mussel, have only managed to pollute our national waters with copper, tin and other heavy metals. However, mother nature, via the Guayule plant, has provided a non-metallic, natural product(s) with significant biological activity against fouling organisms. During this past year, we have isolated the biologically active ingredient in guayule resin and are preparing panels for ocean exposure tests. We have leveraged Congressional support and obtained support funds from the U.S. Paint Corporation of St. Louis, Missouri, as an industrial partner.

  Moreover, the biologically active material possesses antitermite activity according to tests conducted at the USDA laboratories in Gulfport, Mississippi, with the assistance of Dr. Skip McDaniels. Likewise, the active ingredient is under study as an antitermiticide and wood rot deterrent at a military radar facility in Hawaii.

- Flow, levelling, gloss, substrate protection and environmental protection are qualities typically associated with organic soluble coatings and paints manufactured from vegetable oils. However, there is a need to stop the use of organic solvents as they are a major contributor to air pollution. Therefore, we are currently investigating lesquerella oil as an additive used as a dispersion aid in water based coatings with no VOCs. Our results have been most encouraging in that we find that lesquerella oil dispersants function as superior hydrophobic additives and are especially helpful in improving anticorrosive protection. The idea is to be able to manufacture and apply water based coatings with low VOCs and properties equal or better than organic solvent types. In particular, gloss, application ease, and protection against rust formation are important criteria for assessing the quality of water borne coatings. We have shown that novel lesquerella based dispersants contribute to excellent paint performance.

- We have found that kenaf interdispersed and extruded with polyethylene functions as a strength and stiffness modifier yet the final product is very lightweight.

- Vernonia oil is a particularly attractive ag material in that it possesses a chemically reactive epoxide group not often found in natural products. This group is known for its utility in ring opening polymerization but is typically formed through synthetic chemistry at the laboratory bench. However, nature has provided this unique material and our laboratories are working diligently to produce novel materials that exploit its uniqueness.

- All of America is concerned with the AIDS virus and the protection of health care personnel who minister to AIDS patients. Thus, there is an overpowering

> need for cut-proof and non-permeable gloves for health care personnel. Our group has an active development program in cooperation with a nationally known glove manufacturer for the development of a cut-proof, non-permeable glove. We are currently investigating the use of hypoallergenic guayule rubber for this application.

It is clear that commercial utilization of agricultural products is needed. However, more effort is required for this massive but rewarding undertaking. I was disappointed that Warmer Lambert via its Novon division is out of business. As a result, a significant industrial player is no longer investing in research and development for the industrialization of ag materials. A major thrust of their efforts were directed at the use of corn starch in biodegradable plastics as well as high performance composites from starch. This work promised to lead to several commercial products and must be continued. Thus, I propose to take up this effort in part and initiate an aggressive program of starch utilization in polymer design and manufacture if Congressional funding can be increased this fiscal year. Dr. Eric George, a past Novon employee, has written to express his support of this concept. I offer his letter as an addendum to my testimony.

United States agriculture has made the transition from the farm fields to the kitchen tables, but America's industrial community has been frightfully slow in adopting their use as industrial materials. Let us aggressively pursue this opportunity and in doing so:

- Intensify U.S. efforts to commercialize alternative crops.
- Reduce U.S. reliance on imported petroleum.
- Maintain a healthy and prosperous farm economy.
- Foster new cooperative opportunities for American farmers and American industry.
- Reduce reliance on imported, nationally significant strategic materials.

Mr. Chairman, your leadership and support are deeply appreciated by the entire University of Southern Mississippi community. While I can greatly appreciate the difficult financial restraints facing your Subcommittee this fiscal year, I feel confident that further support of the Mississippi Polymer Institute will continue the dividends of increasing commercialization opportunities of agricultural materials in American industry. Advances in polymer research are crucial to the food, transportation, housing, and defense industries. Therefore, we respectfully request $1.2 million in federal funding to exploit the potentials of commercializing alternative agricultural materials and to continue our initiatives. Thank you Mr. Chairman and Members of the Subcommittee for your support and consideration.

COLORADO STATE UNIVERSITY BIOTECHNOLOGY FACILITY

WITNESS

HON. WAYNE ALLARD, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF COLORADO

Mr. DURBIN. From Colorado, our colleague, Congressman Wayne Allard.

Mr. ALLARD. Thank you, Mr. Chairman.

Mr. DURBIN. We appreciate big print, double-spacing and five pages. It will all be in the record, and now if you would summarize it.

Mr. ALLARD. Okay. Five seconds? Okay.

Let me just say that I've got some good news.

Mr. DURBIN. Thank goodness.

Mr. ALLARD. I think Colorado University has stayed with her commitments, and I think if you look at what we've got, they have done better than what they said they would do when they were previously before, when we were previously before you.

I would just like to also thank you for being here late tonight, and in that regard, I will try and just keep my comments very brief.

Last year, the subcommittee provided $340,000 in funding to Colorado State University to update their existing laboratory equipment, and to begin construction on new biotechnology laboratory.

They are going to be having a ground-breaking here this May, and I hope that you, Mr. Chairman, Mr. Durbin, or Mr. Skeen, if you have time and are inclined to want to get out our way, that you would let us know and we would certainly like to have you there, and they are very proud of what's happening, so that you could be a part of that.

And it's been thoroughly reviewed, the project, and it's been a very good report from the CRS, and they said the commitment to the project by the university is very clear and it is presently the top priority for a new building project at the university.

It went on to report that the team was persuaded that the program needs are driven by state, regional and national priorities and the facility will have an important impact on competitiveness of animal agriculture in the state and region, and also at the national level.

As the committee is aware, last year the format for the state match was changed to include cash matches for CRS facilities. This change has meant that the federal money necessary to complete the project has actually decreased from $3.4 million last year, to $2.7 million this year.

I would like to request that the subcommittee fund the full amount in the fiscal year 1995 appropriations bill. With full funding, this project can be completed, and quickly.

As the subcommittee probably remembers, the last year funding also provided to Colorado State University ways to study eradication of the Russian wheat aphid, and this was coordinated with the wheat growers in the Great Plains area in order to ensure that research that was being done was research that the farmer needed.

The subcommitte provided $537,000 last year. The State of Colorado and Colorado State University provided $815,000, more than what the federal grants were, and I'm proud of that, and I think it indicates a very clear commitment for that region as far as wheat aphid research is concerned.

However, in 1995, land grant colleges in the Great Plains states will attempt to expand the scope of their approach to the wheat aphid, and the Great Plains wheat-growing states of Colorado, Nebraska, Kansas, New Mexico, Texas, Oklahoma, Wyoming, Dakotas, are forming a Russian wheat aphid research consortium, and the land grant institution of each of these states working with the wheat growers in these states, has agreed that CSU will serve as the consortium coordinator.

They will be directing research efforts and funding allocations to other land grant institutions.

The seven states involved in the consortium are seeking around $750,000 in appropriations to further this expanded report. As one clever farmer said to me, if we can eradicate this pest, hopefully we can eliminate this unusual trade balance where we send out wheat to the Russians, and they send their aphids to us.

So thank you again for your time, Mr. Chairman. If you have any questions, I will do my best to answer them.

Mr. DURBIN. That's a responsibility I don't think we're going to take on in this subcommittee. [Laughter.]

But thank you, Mr. Allard, and we appreciate your testimony. There will be several opportunities during the course of this year I am sure for you to join us in trying to preserve this kind of basic research. Last year we tried to help Colorado State University, and at various times, fought off efforts of our colleagues to virtually eliminate funding for all this construction.

I am hoping that we can count on you to be with us later on this year.

Mr. ALLARD. I hear you, Mr. Chairman.

Mr. DURBIN. Mr. Skeen.

Mr. SKEEN. Thank you, Mr. Chairman, and Wayne, you've done a good job with this thing, and we appreciate the invitation, and as soon as we get shovels big enough so we will be able to turn the ground over.

Mr. ALLARD. Good. Okay.

Mr. SKEEN. Thanks a lot.

Mr. DURBIN. Thank you.

Mr. ALLARD. Thank you very much.

[The information follows:]

TESTIMONY OF CONGRESSMAN WAYNE ALLARD BEFORE THE HOUSE APPROPRIATION SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES

MARCH 16, 1994

FIRST I WOULD LIKE TO COMMEND YOU AND THE REST OF THE SUBCOMMITTEE FOR BEING HERE SO LATE. ALL OF YOU ARE CERTAINLY EARNING YOUR PAY TODAY.

MR. CHAIRMAN, LAST YEAR THIS SUBCOMMITTEE PROVIDED $340,000 IN FUNDING TO COLORADO STATE UNIVERSITY (CSU) TO UPDATE EXISTING LAB EQUIPMENT AND TO BEGIN CONSTRUCTION OF A NEW BIOTECHNOLOGY LABORATORY. I'M PLEASED TO INFORM THE SUBCOMMITTEE THAT A GROUNDBREAKING IS SCHEDULED THIS MAY. WHILE CSRS HAS NOT YET RELEASED THE FUNDS, WE HOPE THAT BY THIS MAY THEY HAVE DONE SO. IF YOU, MR. SKEEN, OR ANY OTHER MEMBER HAS THE TIME I'M SURE CSU WOULD BE PLEASED TO HAVE YOU ATTEND THE GROUNDBREAKING.

THE BIOTECH LAB HAS BEEN THOROUGHLY REVIEWED BY THE COOPERATIVE STATE RESEARCH SERVICE AND THIS SUBCOMMITTEE BEFORE FUNDING WAS PROVIDED. IN CSRS' REPORT THEY STATED THAT, "THE COMMITMENT TO THIS

PROJECT BY THE UNIVERSITY IS CLEAR AS IT IS PRESENTLY THE TOP PRIORITY FOR A NEW BUILDING PROJECT IN THE UNIVERSITY." THE CSRS REPORT WENT ON TO POINT OUT THAT, "THE CSRS TEAM WAS PERSUADED THAT THE PROGRAM NEEDS ARE DRIVEN BY STATE, REGIONAL, AND NATIONAL PRIORITIES AND FEELS THAT THIS FACILITY WILL HAVE AN IMPORTANT IMPACT ON COMPETITIVENESS OF ANIMAL AGRICULTURE IN THE STATE AND REGION AND ALSO AT THE NATIONAL LEVEL." I CAN ASSURE YOU THAT CSU'S COMMITTMENT IS STILL THERE AND THEY ARE READY TO DO WHATEVER IT TAKES TO QUICKLY BUILD THIS NEW FACILITY THAT WILL HAVE POSITIVE NATIONAL APPLICATIONS.

AS THE COMMITTEE IS AWARE LAST YEAR THE FORMULA FOR THE STATE MATCH WAS CHANGED TO INCLUDE ONLY CASH MATCHES FOR CSRS FACILITIES. THIS CHANGE HAS MEANT THAT THE FEDERAL MONEY NECESSARY TO COMPLETE THE PROJECT HAS ACTUALLY DECREASED FROM $3.4 MILLION LAST YEAR, TO $2.7 MILLION THIS YEAR. I WOULD LIKE TO REQUEST THE SUBCOMMITTEE FUND THE FULL AMOUNT IN THE FY 1995 APPROPRIATIONS

BILL. WITH FULL FUNDING THIS PROJECT CAN BE COMPLETED AND QUICKLY.

AS THE SUBCOMMITTEE PROBABLY REMEMBERS, LAST YEAR FUNDING WAS ALSO PROVIDED TO COLORADO STATE UNIVERSITY TO FIND WAYS TO STUDY ERADICATION OF THE RUSSIAN WHEAT APHID. RESEARCH WAS COORDINATED WITH THE WHEAT GROWERS IN THE GREAT PLAINS AREA IN ORDER TO ENSURE THAT THE RESEARCH THAT WAS BEING DONE WAS RESEARCH THE FARMER NEEDED. THE SUBCOMMITTEE PROVIDED $537,000 LAST YEAR, THE STATE OF COLORADO AND CSU PROVIDED $815,411. THIS CLEARLY SHOWS THAT THE STATE OF COLORADO AND COLORADO STATE UNIVERSITY ARE FULLY COMMITTED TO FUNDING RESEARCH TO ELIMINATE THIS PROBLEM IN THE GREAT PLAINS REGION.

HOWEVER, IN FY '95 LAND GRANT COLLEGES IN THE GREAT PLAINS STATES WILL ATTEMPT TO EXPAND THE SCOPE OF THEIR APPROACH TO THE WHEAT APHID. THE GREAT PLAINS WHEAT GROWING STATES OF COLORADO, NEBRASKA, KANSAS, NEW MEXICO, TEXAS, OKLAHOMA, WYOMING AND THE DAKOTAS ARE FORMING A RUSSIAN

WHEAT APHID RESEARCH CONSORTIUM. THE LAND GRANT INSTITUTIONS IN EACH OF THESE STATES, WORKING WITH THE WHEAT GROWERS IN THESE STATES, HAS AGREED THAT CSU WILL SERVE AS THE CONSORTIUM COORDINATOR, DIRECTING RESEARCH EFFORTS AND FUNDING ALLOCATIONS TO OTHER LAND GRANT INSTITUTIONS.

THE ULTIMATE GOAL OF THE CONSORTIUM IS TO DEVELOP WHEAT THAT IS RESISTANT TO THE WHEAT APHID. IT'S THE HOPE OF THE CONSORTIUM THAT BY DEVELOPING A RESISTANT STRAIN WE CAN CUT DOWN ON THE USE OF INSECTICIDES, WHICH WOULD BE HELPFUL TO THE ENVIRONMENT AND JUST AS IMPORTANTLY SAVE THE FARMER MONEY. BY WORKING TOGETHER THE CONSORTIUM CAN PROVIDE BETTER SERVICE TO FARMERS, WITH BETTER TECHNOLOGY TRANSFER AND GREATER BENEFITS ACROSS THE BOARD.

THE SEVEN STATES INVOLVED IN THE CONSORTIUM ARE SEEKING $750,000 IN APPROPRIATIONS TO FURTHER THIS EXPANDED EFFORT.

AS ONE CLEVER FARMER SAID TO ME, 'IF WE CAN ERADICATE THIS PEST HOPEFULLY WE CAN ELIMINATE THIS UNUSUAL TRADE BALANCE WERE WE SEND OUR WHEAT TO THE RUSSIANS AND THEY SEND THEIR APHIDS TO US.'

THANK YOU AGAIN FOR YOUR TIME MR. CHAIRMAN, IF YOU HAVE ANY QUESTIONS I'LL DO MY BEST TO ANSWER THEM.

HOUMA RESEARCH STATION

WITNESSES

CHARLES THIBAUT, AMERICAN SUGAR CANE LEAGUE

CHARLES A. RICHARD, AMERICAN SUGAR CANE LEAGUE

Mr. DURBIN. Charles Thibaut, with the American Sugar Cane League. We are glad to have you.

Mr. THIBAUT. Thank you. I wish I was a guayule farmer today. [Laughter.]

Mr. DURBIN. We're going to put your entire statement in the record, every word of it.

Mr. THIBAUT. I will read it quickly. Mr. Cahirman and members of the subcommittee, my name is Charles Thibaut.

Mr. DURBIN. Who is joining you here? I'm sorry, I didn't introduce him.

Mr. THIBAUT. Oh, I was going to introduce him.

Mr. DURBIN. Oh, I'm sorry, go ahead.

Mr. THIBAUT. Dr. Charles A. Richard.

Mr. DURBIN. Good to see you, sir.

Mr. THIBAUT. I am a sugar cane farmer from Louisiana and am also employed by a Louisiana cooperative processor of sugar cane into raw sugar.

I appear here today in my capacity as chairman of the legislative committee of the American Sugar Cane League. My testimony will relate to the proposed closure of the Houma, Louisiana Sugar Cane Research Unit of the USDA agricultural research service.

Accompanying me is Dr. Charles A. Richard, vice president and director of research of the American Sugar Cane League.

The Houma station was established in the year 1924, although the USDA activities which led to its creation began a number of years prior to that date. Its mission is to conduct basic and applied research with the objective of increasing sugar cane production efficiency.

For a period of 70 years, it has performed that mission with great success.

Sugar cane is produced domestically in the States of Florida, Louisiana, Texas and Hawaii. The USDA has three mainland facilities which conduct sugar cane research. They are located in Canal Point, Florida; Houma, Louisiana; and Weslaco, Texas.

The largest of these units in terms of manpower and facilities is in Houma. Because of its capabilities, the activities of the Houma station are not limited to the State of Louisiana. A major goal of the station is to develop improved sugar cane varieties that fulfill the requirements of not only Louisiana, but also Texas and Florida, as well as numerous foreign countries.

The objective of the variety research is to combine high yields of sugar with resistance to diseases and pests, cold tolerance and crop longevity.

Each of the domestic sugar-producing areas has unique soil and climatic conditions which makes research needs in each state distinctive for that area. The Louisiana and Texas sugar industries continue to rely on varieties that meet the needs of semi-tropical growing conditions.

Currently, a hundred percent of the acreage in Louisiana and Texas is planted with varieties developed from the USDA program.

All varieties eventually suffer from yield decline and normally those of major importance peak in acreage before ten years of age. The two major varieties in Louisiana today, occupying more than 75 percent of the state's acreage, were released in 1973 and 1978, and are the two oldest varieties of those being grown.

They are some ten to fifteen years past their peak, and have already experienced some yield decline. If another variety of major importance is not released in the very near future, the industry will not survive.

It is essential that the USDA research unit at Houma be maintained to provide the necessary varieties for the continuation of both the Louisiana and Texas sugar industries.

The varieties developed at Houma also provide breeding material to other domestic and international sugar industries in more tropical areas.

An equally important objective of the Houma station is to develop environmentally sound, integrated sugar cane production systems using cultural practices and improved weed disease and insect control methods.

Significant to its efforts to develop environmentally sound production methods is the station's continuing research employing cultural and biological measures as alternatives to chemical control of various pests.

The increase in environmental awareness and concern of the sugar industry is an important element of the Houma station's function. Those environmental research efforts will prove beneficial, not only to the domestic sugar cane industry, but also to the American public as a whole.

While research in each area is essential, cooperation between the various U.S. sugar cane research stations, private industry and state universities allow for the elimination of duplication of efforts and results in cost-savings.

The Houma station, being the largest USDA research station, carries much of the burden of coordinating the research efforts, especially in the areas of variety development and weed control. Only at Houma station are there personnel in all of the production aspects of sugar cane.

The only USDA scientists working in sugar cane cytology, which is the study of the formation, structure and function of cells, is assigned to the Houma research station. The Houma facility has the only USDA weed control scientists working in sugar cane, an important aspect of economic efficiency of sugar cane production in all areas.

The Houma entomologist provides data and varieties resistant to the sugar cane borer in all domestic as well as international sugar industries that suffer from this damaging pest.

The Houma pathologist coordinates research efforts with pathologists from other units to provide data on mosaic and RSD which are devastating diseases in Louisiana and also occur in other states.

While extensive weed control research is performed at the Houma station, very little such research is performed in either

Florida or Texas. Information developed at Houma is generally modified to different weed spectra and growing conditions of those states.

The U.S. sugar cane industry generates approximately $2 billion annually in direct sales, which approaches $6 billion in economic value to the four producing states. The economy of Louisiana, which is currently in a depressed condition, is heavily dependent on the sugar cane industry.

Its economy, as well as that of the other sugar cane producing states, will be further weakened by any action which decreases the productivity and efficiency of the sugar cane industry. The closure of the Houma station will certainly have that effect.

The proposed budget eliminates 19 ARS research facilities. It is argued that such action will result in reduced spending. In reality, the overall budget for the ARS is being increased. No budgetary reduction or cost-savings will result from the ARS portion of the proposed budget. However, a significant domestic industry—the sugar cane industry—will be severely damaged by the closure of the Houma station.

Every government in the world provides agricultural research for its commodities. Because of the U.S. government's commitment to agricultural research, American agriculture has performed far better than other countries in terms of productivity and its ability to feed its citizens at a reasonable cost.

Due largely to the research efforts of the Houma station, the Louisiana sugar industry is now producing four times the amount of sugar per acre than it did 30 years ago. In order to remain competitive, we must continue to receive the benefits of that research.

Mr. Chairman, as you are certainly aware, with the recent passage of the NAFTA and the impending GATT agreement, the United States and its agricultural community are moving into a global economy. Our sugar cane producers will soon be faced with competition from nations with far lower wage rates, environmental standards, and worker protection laws than ours.

At no time in history has aggressive sugar cane research been more important. Without it, we will be unable to maintain our efficiency and our productivity. The closure of the Houma station, which is an indispensable element of domestic sugar cane research, will severely weaken our industry and place us in a far less competitive position. Such action is unwise and counterproductive.

Therefore, we urgently request that the Houma station be adequately funded and permitted to continue with its vital work.

Thank you, Mr. Chairman. I appreciate the opportunity of testifying today and will be happy to answer any questions.

Mr. DURBIN. Mr. Thibaut, there are some 19 different labs that they want to close.

Mr. THIBAUT. Yes, sir.

Mr. DURBIN. And we have asked the USDA to give us their list of criteria because a lot of people, myself and my colleagues, want to know what is the basis for closure, what's going to happen to the function that is being performed presently at that research station.

You have raised some excellent questions about the impact of closing the Houma station on the sugar cane industry in your state.

We don't have those answers yet.

Mr. THIBAUT. Okay.

Mr. DURBIN. Before this subcommittee votes to close anything, we're going to get those answers and satisfy that, or we won't move forward.

I will tell you at the outset though, that get down to cutting budgets, this is what happens, and it is likely to happen across the country. We have seen military bases close and a lot of other things.

I want to—I'm glad you came today and I want to make sure that we address that aspect of the question of the Houma station in terms of whether or not there is provision being made for other sugar cane research that would be available and useful to you. That will certainly be something that we will raise.

Can you tell me who the congressman is for that area?

Mr. THIBAUT. Tauzin, Congressman Tauzin.

Mr. DURBIN. I've heard of him. We will be talking to him. [Laughter.]

Mr. Skeen.

Mr. SKEEN. Well, totally unassociated with sugar cane research, Mr. Thibaut.

Mr. THIBAUT. Okay.

Mr. SKEEN. I want to tell you that I'm a great fan of Houma, Louisiana. In the 1950's when I went back to the ranch, we put in a two-way or commercial band radio system because we had no phones out there. So we put together a large number of ranchers that went together and built a repeater system.

And when atmospheric conditions were just right, we would get Houma, Louisiana coming through on our radio system. [Laughter.]

Mr. THIBAUT. Could you understand their English?

Mr. SKEEN. Oh, absolutely. I got where I could replicate the lingo. [Laughter.]

No, but I think it was a ready-made concrete company in Houma. We used to call them up and visit with them on the radio when the skip was working right. Then we would order a whole bunch of cement, and they said well, it would be a few days. [Laughter.]

I want to thank you. I think you've got a good point on this.

Mr. THIBAUT. Can we grow guayule in South Louisiana?

Mr. SKEEN. Yes, sir. If New Mexico can grow it, it can grow anywhere.

Mr. DURBIN. Thanks for joining us. It was nice talking to you. Thanks, Dr. Richard.

Mr. THIBAUT. Thank you.

[The information follows:]

BRANAN B. BEYT, JR.
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JEROME S. McKEE
VICE-CHAIRMAN

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STATEMENT OF CHARLES THIBAUT
AMERICAN SUGAR CANE LEAGUE

Mr. Chairman and members of the sub-committee, my name is Charles Thibaut. I am a sugarcane farmer from Louisiana and am also employed by a Louisiana cooperative processor of sugarcane into raw sugar. I appear here today in my capacity as Chairman of the Legislative Committee of the American Sugar Cane League. My testimony will relate to the proposed closure of the Houma, Louisiana Sugarcane Research Unit of the USDA Agricultural Research Service. Accompanying me is Dr. Charles A. Richard, Vice President and Director of Research of the American Sugar Cane League.

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Sugarcane is produced domestically in the states of Florida, Louisiana, Texas and Hawaii. The USDA has three mainland facilities which conduct sugarcane research. They are located in Canal Point, Florida; Houma, Louisiana; and Weslaco, Texas. The largest of these units in terms of manpower and facilities is in Houma. Because of its capabilities, the activities of the Houma Station are not limited to the State of Louisiana. A major goal of the Station is to develop improved sugarcane varities that fulfill the requirements of not only Louisiana, but also Texas and Florida as well as numerous foreign countries. The objective of the varietal research is to combine high yields of sugar with resistance to diseases and pests, cold tolerance and crop longevity.

Each of the domestic sugar producing areas has unique soil and climatic conditions which makes research needs in each state distinctive for that area. The Louisiana and Texas sugar industries continue to rely on varieties that meet the needs of semi-tropical growing conditions. Currently, 100% of the acreage in Louisiana and Texas is planted with varieties developed from the USDA program.

All varieties eventually suffer from yield decline and normally those of major importance peak in acreage before 10 years of age. The two major varieties in Louisiana today (occupying more than 75% of the state's acreage) were released in 1973 and 1978 and are the two oldest varieties of those being grown. They are some 10 to 15 years past their peak and have already experienced some yield decline. If another variety of major importance is not released in the very near future, the industry will not survive. It is essential that the USDA research unit in Houma be maintained to provide the necessary varieties for the continuation of both the Louisiana and Texas sugar industries. The varieties developed at Houma also provide breeding material to other domestic and international sugar industries in more tropical areas.

An equally important objective of the Houma Station is to develop environmentally sound, integrated sugarcane production systems using cultural practices and improved weed, disease and insect control methods. Significant to its efforts to develop environmentally sound production methods is the station's continuing research employing cultural and biological measures as alternatives to chemical control of various pests. The increase in environmental awareness and concern of the sugar industry is an important element of the Houma Station's function. Those environmental research efforts will prove beneficial, not only to the domestic sugarcane industry, but also to the American public as a whole.

While research in each area is essential, cooperation between the various U.S. sugarcane research stations, private industry and state universities allows for the elimination of duplication of efforts and results in cost savings. The Houma Station, being the largest USDA sugarcane research station, carries much of the burden of coordinating the research efforts, especially in the areas of variety development and weed control. Only at the Houma Station are there personnel in all of the production aspects of sugarcane.

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Every government in the world provides agricultural research for its commodities. Because of the U.S. Government's commitment to agricultural research, American agriculture has performed far better than other countries in terms of productivity and its ability to feed its citizens at a reasonable cost. Due largely to the research efforts of the Houma Station, the Louisiana sugar industry is now producing four times the amount of sugar per acre than it did thirty years ago. In order to remain competitive we must continue to receive the benefits of that research.

Mr. Chairman, as you are certainly aware, with the recent passage of NAFTA and the impending GATT Agreement, the United States and its agricultural community are moving into a global economy. Our sugarcane producers will soon be faced with competition from nations with far lower wage rates, environmental standards and worker protection laws than ours. At no time in history has aggressive sugarcane research been more important. Without it we will be unable to maintain our efficiency and productivity. The closure of the Houma Station, which is an indispensable element of domestic sugarcane research, will severely weaken our industry and place us in a far less competitive position. Such action is unwise and counterproductive. Therefore, we urgently request that the Houma Station be adequately funded and permitted to continue its vital work.

I appreciate the opportunity of testifying today and will be happy to answer any questions you may have.

CONSERVATION PROGRAMS

WITNESS

MAUREEN KUWANO HINKLE, NATIONAL AUDUBUN SOCIETY

Mr. DURBIN. Maureen Hinkle with the National Audubun Society, last spotted in Des Moines, Iowa.

Ms. HINKLE. Thank you.

Mr. DURBIN. Welcome. Glad to have you back.

Ms. HINKLE. Thank you for your recognition there too.

Mr. DURBIN. Sure.

Ms. HINKLE. It did wonders for my reputation.

Mr. DURBIN. Well, I'm glad it did.

Ms. HINKLE. A year ago you said that brevity would be rewarded. It's the end of a long day, and so I'm hoping that brevity will again be rewarded, namely in the Wetland Reserve Program.

Mr. DURBIN. I've got to tell you at the outset, we got in serious problems last year. I said brevity will be rewarded, and then a lot of people who didn't appear at all came and said that they thought they were entitled.

Mr. SKEEN. They claimed the reward.

Ms. HINKLE. I heard that it is very important to come though, in person.

Mr. DURBIN. I'm glad you have.

Ms. HINKLE. And make ourselves available for, at least for questions and answers, but we were very pleased that the WRP was funded last year by this subcommittee, that you had a large part in enabling that funding, and we're hoping that you can meet the President's request, or very close to it, because wetlands have been lost in the United States, 15 million acres have been lost.

Many of those acres were in the areas of great flooding in 1993, and all four of the states that had bids in that were not accepted because either the bids were too high or the lid had already been met, they were flooded, and that's nearly 55,000 acres that were flooded in the four states.

We are hoping that those can be accepted in the emergency WRP, but nevertheless, it does demonstrate the value of wetlands in flood control.

We are also hoping that you can do the water quality incentive program, and we're hoping that in those areas, on those farmers where a farmer has separate problems with erosion, soil erosion and water quality that require different practices, and a different plan, that the farmer be allowed to have a separate WQIP plan from his ACP plan, as originally foreseen in the authorizing committees.

And finally, I would like to express our appreciation for the subcommittee in being the guardians of USDA research. This is extremely important that USDA maintain a high level of public funding, and we would hope that you could pay special attention to the national research initiative which was authorized in 1990, to bring an infusion of new money into agriculture so that it could meet not only the current agenda, but the expanding agenda that USDA is being required to meet, as it enters the 21st century.

So therefore we hope that you can provide the $130 million that the President requested because it has been fairly level for the past three years, and we think that this constitutes a minimum investment in the future of U.S. agriculture. So I'm pleased to answer any questions.

Mr. DURBIN. Thanks. Do you consider yourself an environmentalist?

Ms. HINKLE. Yes.

Mr. DURBIN. Good. I'm glad you're here because environmentalists scare my farmers to death, and I'm glad that you not only showed up here, but in Des Moines, Iowa to meet with this subcommittee, and meet with farmers and talk about sharing some goals.

I have been encouraging dialogue between responsible members of the environmental community and farmers and ranchers across America. I think all of us understand the farm bills have very important impact on the environment of America, and I would like to see us sit down before the next one with responsible environmental groups and set some realistic goals, and do it in a non-confrontational way, and work together to achieve them.

At the moment, that's going to call for a little more understanding on the part of both sides. Your presence today is a step in that direction. I thank you. I like your testimony.

Mr. Skeen.

Ms. HINKLE. Thank you, Mr. Chairman.

Mr. SKEEN. Thank you, Mr. Chairman, and Ms. Hinkle, welcome. I want to second what the Chairman is saying. It is about time we had a dialogue between the so-called environmental groups on the one hand, and the operators of resource production areas such as farmers and ranchers. It's about time they got together because they are all environmentalists of one kind or another.

I have two wildlife preserves, wetland wildlife preserves. You wouldn't imagine New Mexico would have very many wetland areas.

Ms. HINKLE. That's right.

Mr. SKEEN. But we do have them.

Ms. HINKLE. But you do.

Mr. SKEEN. They are on the fly-away, on the cranes and so forth, and they have been magnificant. We have worked out systems between the farmers who were complaining about the snow geese eating their crops up. We were able to work that system out between the operators of the refuges and the environmental groups and the farmers, but getting them together was a very difficult proposition.

You evidently have been part of getting them together, and I commend both you and the Chairman for doing exactly that. It's about time we had a little dialogue.

Ms. HINKLE. It's valuable to go to forums like the one in Des Moines because we get to talk to farmers themselves, and farm groups, and not talk to ourselves. The week before that, I was at the Governor's Conference in Colorado, and I was talking to Allard's aide about it.

That also was an opportunity to meet directly with farmers and farm groups, and the subject of my talk there was agriculture and environment, is it a natural union?

And we hope that we can make wildlife a specific priority of the 1995 farm bill, and I think that should bring us together in a constructive way.

Mr. DURBIN. Good. Thank you for joining us.

Mr. SKEEN. We will keep propagating whooping cranes. Thank you.

Ms. HINKLE. Thank you.

[The information follows:]

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STATEMENT OF
MAUREEN KUWANO HINKLE
NATIONAL AUDUBON SOCIETY
before the
SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES
HOUSE APPROPRIATIONS COMMITTEE
March 16, 1994

Mr. Chairman and distinguished members of the subcommittee, I am Maureen Kuwano Hinkle, director of agricultural policy, for the National Audubon Society. In this position, I have worked on the authorizing of the conservation provisions of the 1985 and 1990 Farm Acts. Today, we wish to give our positions on funding for the Wetland Reserve Program (WRP), the Water Quality Incentive Program (WQIP) and the National Research Initiative (NRI), all authorized in the 1990 Food, Agriculture and Conservation Act.

Wetland Reserve Program (WRP)

The National Audubon Society appreciates the funding provided for the WRP by this subcommittee in FY 94. It is also heartening that the Administration's FY 95 budget request for funding is $241 million to convert 300,000 acres into the WRP. If appropriated, the three year total (FY 92, 94 and 95) would bring the WRP to 425,000 acres.

In the year since the WRP was discussed in this subcommittee, the Great Flood of 1993 brought the nation's attention to the value of wetlands in flood control. The congress appropriated, through the Emergency Supplemental Appropriations for Relief From the Major, Widespread Flooding in the Midwest Act of 1993, an additional $150 million for an Emergency Wetland Reserve Program (WRP) for eight states that suffered the worst flood damage.

We understand both the philosophy of this subcommittee in implementing the WRP gradually so as to ensure cost effectiveness and identification of the most valuable of wetlands. At the same time, it is important to remember that in the past 40 years, more than 15 million acres of wetlands have been converted to agricultural use. The conversion of many of these wetlands was along the watersheds that experienced profound flooding in 1993. The EWRP provides a viable economic alternative to land and levee restoration when the fair market value of an affected cropland is less than cost of levee restoration. In the four EWRP eligible states where bids were submitted for the WRP in FY 92, all of the 53,981 acres submitted in bids were flooded in 1993.[1] We understand that the FY 92 bids were unaccepted because the bid was either too high or the limit specified by congress had been met. $46,057,000 had been appropriated for 49,888 acres. Hopefully, the sign-up for the EWRP which took place between November 29, 1993 and December 30, 1993 met the needs and desires of those farmers who submitted bids for the WRP.

The current sign-up for the second phase of the WRP ended March 11th. Audubon, like the subcommittee, is interested in the sign-up for this round.

Technical assistance. The subcommittee has raised concerns about the actual cost of technical assistance. Technical assistance costs should decline as experience with restoration plans accumulates in agency staff, and economies of scale are realized in the planning process. Some rebids from the original nine states will constitute no or low cost. While greater costs will be associated with the eleven new states, costs should be lower because appraisals are to be made on wetlands that will be ranked for environmental benefits. Farmers in those areas agreeable to the appraised value will be eligible to bid into the WRP.

In addition, the total costs for technical assistance overstate the actual per acre cost of WRP acres since technical assistance covers more acres than are actually enrolled. In FY 92, assistance was provided for the entire 250,000 acres submitted for bids. The $124 per acre for technical assistance was attributed to the 49,888 acres accepted, rather than the 249,059 acres submitted.

Values. For FY 94, ASCS is identifying and ranking the environmental benefits of wetlands before appraisals are made. This should help assure the subcommittee that ASCS is focusing on the value of wetlands as well as the cost-effectiveness of the bids solicited. The number of intentions might be reduced as the selection process is narrowed by the intitial ranking and appraisals. What may be lost in numbers should be made up in quality, cost and efficiency.

If ever there was a time to provide a major increase for wetlands, this is the time. The Great Flood of 1993 brought about a change in attitudes toward wetlands. Restoration of wetlands became part of an integrated approach to flood control, a principle underlying the conceptual basis for the WRP. The original bill introduced by Representatives Conte and Dingell called for a three million acre WRP. We agree there is nothing mystical about an arbitrary goal. The importance should be seen as setting a priority toward which to work.

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[1] 22,793 acres in Iowa, 12,413 in Minnesota, 11,906 in Missouri, and 6,869 in Wisconsin

We urge the subcommittee to fund the WRP at the fullest extent possible so as to allow a truly national program. States that were not included feel left out, even punished. All states stand to gain from eligibility for restoration of wetlands. The President's mark of $241 million for 300,000 acres would finally enable a national WRP.

Water Quality Incentive Program (WQIP)

The WQIP is a separate voluntary, incentives-based program designed to improve water quality in targeted watersheds where agricultural runoff or leaching has been determined to contribute to water quality problems. The WQIP allows participants to enter into 3-5 year contracts to receive financial incentives, cost-share and technical assistance in exchange for devloping and implementing nutrient and pesticide management practices which protect water quality. The National Audubon Society supports funding for at least $15 million specifically for the WQIP within the ACP budget for FY 95.

The National Audubon Society also urges that the WQIP payments be, as authorized, "in addition to, and not affect, the total amount of payments that such owner or operator is otherwise eligible to receive under this Act." Current Agricultural Conservation Program (ACP) rules limit payments to any one farmer to not more than $3,500 per year. If a producer has serious erosion and water quality problems that need to be addressed through different practices, the producer should not have to choose which problem to address with ACP funds. Producers should be encouraged to develop a plan to address erosion and water quality problems comprehensively, not piecemeal.

WQIP was targeted at watersheds, including existing wetlands and riparian habitat. It was because water quality was recognized as being at least sometimes separate and distinct from soil conservation techniques that the WQIP was added to the tools already available to farmers.

When the WQIP is evaluated, there is much at stake: the role of targeting incentives, rather than broad local distribution, progress towards solutions in problem watersheds, reduction of chemical pesticide and nutrient use. Just as the subcommittee is concerned about the cost-effectiveness of the WRP, so should concern be targeted at the WQIP, its implementation, cost-effectiveness, producer interest, and whether or not the targeted watersheds are the most valuable and vulnerable to contamination.

The National Research Initiative (NRI)

Mr. Chairman, you as well as members of this subcommittee, have been responsible for maintaining much needed public funding levels for agricultural research. The subcommittee has recognized the value of public research for American agriculture to be competitive on a global scale. Because of the long lag time for pay-off of basic public research, this investment must be maintained and increased. We cannot expect the private sector to undertake the same kind of long-term research, although they are the ultimate beneficiaries. Therefore, the National Audubon Society urges the subcommittee to pay special attention to the research capability of the USDA, especially the NRI which was authorized in 1990, to provide for a substantial infusion of federal funds to ensure the competitiveness of US agriculture.

As conceived, the NRI encourages research on key problems in biological, environmental, physical, and social sciences. The NRI has set a high standard of excellence in the quantity and quality of proposals. The grants support fundamental questions on agriculture, connecting the basic and applied sciences to results in practical outcomes for farmers. As researchers better understand the interconnections of an agricultural system, they will be able to apply their findings to the producers' advantage in the field.

As authorized, the NRI was to see a cummulative growth in agricultural research funds starting at $100 million and reaching $500,000 by FY 95. The current budget climate makes such an ambitious goal impossible, but the NRI is doing more programs with less funding. It assumed existing areas of competitive research grants while adding new areas. Today, agriculture is required to respond to new and urgent needs beyond the traditional agricultural research agenda. For decades, agriculture has been criticized for being insular. The NRI could break agriculture out of that shell and provide the wherewithall to understand the mechanisms involved in the science of agriculture. USDA needs the benefit of the best scientists wherever they may be.

We hope the subcommittee can approve the President's request for $130 million for the NRI in FY 95. This would constitute a minimum investment in the future of US agriculture.

The National Audubon Society appreciates this opportunity to present our views.

USDA PROGRAMS

WITNESS

JERRY KING, NATIONAL PORK PRODUCERS COUNCIL

Mr. DURBIN. Jerry King, from the National Pork Producers. Welcome.

Mr. KING. Welcome, Mr. Chairman. My name is Jerry King. I'm a pork producer from Illinois. I'm serving as Chairman of NPPC's environmental committee, but I am a substitute here today, Mr. Chairman.

Julie Mashou from Carlisle was due to be here, but she has one of her children in the hospital——

Mr. DURBIN. I'm sorry to hear that.

Mr. KING. And so they sent me as a substitute. She sent her greetings. I'm encouraged by the dialogue and the comments that Ms. Hinkle made because, as I said, I'm chairman of our environmental committee of the National Pork Producers Council, and we have tried to engage in a dialogue between others, and we would certainly welcome the opportunity to visit with Ms. Hinkle and her group, if that opportunity should avail itself, since we are seriously concerned, and on with my comments.

On behalf of the National Pork Producer Council, I would like to thank you for this opportunity to testify on the 1995 ag appropriations bill. I'm going to confine my comments to five minutes, but certainly ask that our entire written testimony be submitted for the record.

Mr. DURBIN. It will be.

Mr. KING. I think the economic impact of the pork industry is really more than we realize, and it is immense, and it's growing.

The value-added nature of pork production creates jobs and economic activity well beyond the farm to thousands of rural communities, through added processing, distribution and other industry inputs.

Today the U.S. pork industry employs 764,000 people and we make a contribution of $66 billion to our nation's economy.

Farm receipts place the pork industry in the fourth position among all farm commodities, yet we receive no direct federal subsidies, nor do we receive price supports.

Mr. Chairman, I'm going to focus my comments on five major industry authorities today—research, trade, food safety, disease eradication and control, and the environment.

Our first priority is swine research. America's pork producers certainly believe that comprehensive swine research is the key component that is necessary to improving the safety and the traditional quality of our products.

It helps ensure responsible animal well-being and environmental quality, as well as competitiveness in the international market. NPPC requests $13 million be appropriated for the continued development and the first stage of construction of the National Swine Research Center at Iowa State University.

This facility will centralize national swine research. It will reduce the cost of doing research. It will benefit all of the pork industry as well as the general public.

Our second priority is trade. We believe that the future of American agriculture depends on an aggressive and an effective value-added export trade policy. A key element of this trade policy is adequate funding for the market promotion program.

Targeted foreign market development initiatives like MPP, have helped the pork industry increase the value-added exports of pork by 358 percent since 1991.

Likewise, increased MPP funding is needed to help capture the new markets and the expanded exports, the opportunities that NAFTA and the GATT agreements have opened for the U.S. livestock industry.

NPPC requests $100 million, which is the 1994 fiscal funding level, that that amount be appropriated for market development initiatives under the market promotion program.

A third priority is food safety. America's pork producers are committed to producing safe, wholesome products in which consumers worldwide can have the utmost confidence. We actively support the design and implementation of a truly science-based meat and poultry inspection system for the 21st century.

To further ensure the safety of our food supply, NPPC also supports the President's request for $5.7 million for pre-harvest programs to reduce pathogens, chemical residues, and trace microbiological contamination.

We support $7.7 million to hire an additional 200 inspectors. We support $6 million for developing a risk-based inspection system, however we oppose the collection of $103 million in user fees for meat inspection.

Our fourth priority, swine disease eradication and control—for ten years, the national pseudorabies control and eradication program is making continued progress in eradicating the swine disease.

However, present federal funding falls short of the projected level by more than $20 million, thus delaying the eradication process which therefore increases the overall total cost of the program.

There are approximately $4 million earmarked for the pseudorabies program under the animal health monitoring and surveillance program, and the APHIS budget. We would request an additional $6 million be appropriated for the pseudorabies program for a total request of $10 million.

Our fifth priority is the environment. As pork producers, we recognize the important role that we as members of the agricultural community must play in protecting the environment.

We are working with EPA to adopt production practices that do protect water quality. To further such efforts, we would request $50 million be appropriated for the water quality incentive program.

Mr. Chairman, let me conclude by thanking you and the subcommittee. Your past support has certainly helped the pork industry and improved the nutritional profile of our product, and improved our competitive position in the world marketplace.

We look forward to working with you in the future. If there are questions, I would certainly attempt to answer any of them.

Mr. DURBIN. Mr. King, I appreciate your testimony, and you have stated it very succinctly. I have said to my local pork producers, that had not the pork producers taken the initiative ten or fifteen years ago to improve not only their product, but the image of their product, I'm not sure where you would be today.

What you are suggesting for this subcommittee is further combined effort, partnership, if you will, to make sure that we keep that progress moving.

We're going to do our best. It's a tight budget that we're trying to deal with here, and that will mean that we won't be able to meet all your goals, but I certainly do share them with you, and I hope we can get close to your——

Mr. KING. We appreciate that, and look forward to meeting some of those funding levels.

Mr. DURBIN. Thanks.

Mr. KING. Perhaps all, if possible.

Mr. DURBIN. Mr. Skeen? And don't go reading from that there.

Mr. SKEEN. Thank you, Mr. Chairman. Mr. King, I'm delighted to have you be here today. Somebody slipped me this little invitation to the great American meat-out sent out by a group of folks in Bethesda, Maryland, I believe, a farm animal protection group.

One of the things that they said about the hog industry is that the sows are kept, breeding sows are kept continuously pregnant and imobilized in metal gestation stalls, and all that sort of thing.

You've read this before?

Mr. KING. Certainly.

Mr. SKEEN. Anyway, as a rancher, I have a hard time visualizing some of these claims about the abuse and so forth.

I wonder if they thought about the fact that there wouldn't be any corn and grain if nobody was buying it to feed to the livestock.

So not to argue the point about the abuse of animals, I think that those folks—we need a dialogue with those folks once in a while.

And give them a good hot dog once in a while. [Laughter.]

Thank you, Mr. Chairman. Thanks to you also, Mr. King.

Mr. KING. Thank you.

Mr. DURBIN. And thank you, Mr. Skeen. Thanks, Mr. King.

Mr. KING. Thank you.

[The information follows:]

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Statement of the

National Pork Producers Council

Before the

Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies

Committee on Appropriations

United States House of Representatives

on the

1995 Fiscal Year Agriculture Appropriations Bill

Presented by: Jerry King
on behalf of the
National Pork Producers Council
March 16, 1994

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Mr. Chairman and Members of the Subcommittee:

On behalf of the National Pork Producers Council (NPPC), I thank you for giving the U.S. pork industry the opportunity to submit testimony regarding the Fiscal 1995 Agriculture Appropriations Bill. NPPC represents the nation's pork producers, and draws its strength from its grassroots through 45 affiliated state associations. Our members account for more than 90 percent of the commercial pork production in the United States and have diverse interests that include agricultural research, production, and marketing. Today's economic impact of the pork industry on rural America is immense and growing. The value-added nature of pork production creates jobs and economic activity well beyond the farm to thousands of rural communities. The economic multiplier effect of a value-added product like pork significantly increases economic activity due to added processing, distribution and other industry inputs. The pork industry makes a $66 billion annual impact on the nation's economy while employing 764,000 people. Farm receipts from hogs place the pork industry in 4th position among all farm commodities yet we receive no direct federal subsidies or price supports.

America's pork producers greatly appreciate the past support of the Committee and other members of the House in helping address the critical issues facing the pork industry. This Committee's support has helped our producers dramatically improve the nutritional profile of pork and increase our competitive position in the international marketplace. We realize the Committee is faced again this year with the difficult task of allocating limited resources over a growing number of priorities. Therefore, we hope our testimony is helpful to you in identifying priority areas critical to the continued growth of the U.S. pork industry.

ANIMAL & PLANT HEALTH INSPECTION SERVICE (APHIS)

Pseudorabies Control and Eradication Program -- The ten-year national control and eradication program for pseudorabies (PRV) has made continued progress in meeting its surveillance and herd-cleanup objectives. However, federal funding of the PRV eradication program continues to fall short of the projected 10-year funding level by more than $20 million, making it very difficult to meet APHIS program goals for the joint producer-state-federal effort. This underfunding causes producers to pick up more of the cost of the program, and has delayed progress on eradication. An increase in funding from last year's $8.653 million would be used to assure states meet program goals together. If states are not able to move together through the program, interstate movement of pigs are restricted and eradication efforts from one state may be at risk if a neighboring state is not moving forward as rapidly. If federal spending is not increased, we may lose the support of states and producers who have played a vital role in developing this cooperative program. Continued underfunding of the PRV program will stretch the eradication beyond the original 10-year goal and greatly increase the overall cost of the program. Approximately $4 million is earmarked for the PRV Program under the Animal Health Monitoring and Surveillance program in the APHIS budget. NPPC requests an additional $6 million in the APHIS appropriation for the PRV budget line item for a total request of $10 million.

Swine Brucellosis Eradication Program -- Swine brucellosis is a serious disease that prohibits profitable swine production due to abortions, breeding efficiency and reduced litter size. The APHIS national eradication program has made progress in eradicating the disease from the major swine producing states. NPPC requests that $600,000 be included in the APHIS appropriation for ongoing swine brucellosis eradication, whole-herd depopulation efforts, and surveillance.

AGRICULTURAL RESEARCH SERVICE (ARS)

National Swine Research Center -- We appreciate the support of the Committee last year in providing design and planning money for the National Swine Research Center. It is the top facility priority of the industry. When completed, it will address emerging environmental and waste management, animal behavior and well-being, and facility design and management research not being studied at either the USDA's Beltsville Laboratory in Maryland or the Meat Animal Research Center in Nebraska. The laboratory and farm facilities of the Center will be located and constructed for optimal integration with ongoing research at the National Soil Tilth Laboratory and the State University in Ames, Iowa. NPPC requests that $13 million be included in the ARS appropriation for the continued development and first phase construction of the National Swine Research Center.

Animal Well-Being Research -- Another top priority of pork producers is important research on animal behavior, production equipment and management systems that will greatly enhance animal well-being. NPPC supports this vital research and requests that $1 million be included in the ARS appropriation for this ongoing animal well-being research.

Meat Animal Research Center -- NPPC requests $3.6 million for ongoing funding for the Meat Animal Research Center in Clay Center, Nebraska. The Center continues to conduct vital research work, particularly swine and beef gene mapping, for the livestock industry.

Nutrition and Health Policy -- NPPC supports the decision to move the funds and staff of the Human Nutrition Information Service (HNIS) to ARS. Moving these responsibilities from the consumer division to the research division of USDA, demonstrates the commitment of Congress and USDA to preserve the scientific accuracy and integrity of USDA nutrition and dietary recommendations. The Dietary Guidelines and Food Group Guidelines, for example, provide vital nutrition recommendations that must continue to be based on sound science.

COOPERATIVE STATE RESEARCH SERVICE (CSRS)

National Research Initiative -- The National Research Initiative Competitive Grants Program (NRICGP) supports a spectrum of research ranging from basic fundamental questions relevant to agriculture in the broad sense to research that bridges the basic and applied sciences and results in practical outcomes. In fiscal year 1993, the NRICGP received an appropriation of $112.2 million, which included $25 million for animal related research. This research addressed many topics of interest to the livestock and pork industry. The pork industry requests closer coordination with CSRS in targeting NRICGP to the FAIR '95 research priorities. NPPC requests $150 million be included in the NRICGP appropriation to support high priority agricultural, food and environmental research.

The University of Minnesota Swine Research Center -- NPPC supports the University of Minnesota Swine Research Center's ongoing disease and production research. Federal funding will be useful in expanding current research into broad, multi-disciplinary studies of problems facing the pork industry. This type of cooperative project -- involving producers, university researchers and the USDA -- deserves continued federal funding. NPPC requests $140,000 be included in the CSRS appropriation to continue this ongoing swine disease and production research.

Swine Facility Environmental Management Project -- Indoor air quality and swine odors affect producer safety, animal well-being, and neighbor relations. Research in this area is limited. NPPC supports a joint research project, administered by the University of Illinois, that will conduct environmental health and safety research related to the pork industry. The project, supported by Iowa State University, the University of Minnesota, South Dakota State University, and the University of Nebraska, will provide answers to producers that may preempt the need for future air quality regulations. NPPC requests that $2 million be included in the CSRS appropriation for the first phase of this five-year research project.

EXTENSION SERVICE (ES)

Sustainable Agriculture Programs -- The Sustainable Agriculture Title of the Food, Agriculture, Conservation, and Trade Act of 1990 (1990 Farm Bill) included formal authority for the ES Integrated Management Systems (IMS) Program. This program provides producers the opportunity to improve the environmental management of their operations while maintaining farm profitability. The purpose and approach to sustainable agriculture found within Chapter Two of the Title is sufficiently different from the existing LISA program authorized in Chapter One, that supporters of this Chapter have worked to maintain the integrity of this program separate from Chapter One. The 1990 Farm Bill provided explicit authorization to the ES for administering the IMS program. NPPC requests $5 million be included in the ES appropriation to carry out the IMS Chapter Two program and $5 million for Chapter Three funding.

FOREIGN AGRICULTURAL SERVICE (ARS)

Value-Added Exports -- NPPC believes that the future of American agriculture depends on an aggressive and effective value-added export trade policy that provides the tools to allow U.S. value-added products, such as pork and pork products to compete in foreign markets. The value-added sector is the fastest growing agricultural market. In 1992, this sector represented $210 billion in world trade. Presently, the U.S. controls only 10 percent of the total world market share for processed and value-added agricultural exports, while the European Community now controls more than 50 percent of the world market share.

The U.S. must develop a long-term market development strategy for value-added and high value products not short-term responses to unfair trade practices. Development programs with the greatest potential include the GSM-102 and GSM-103 credit programs, the Export Enhancement Program, P.L. 480, Food for Peace and the Cooperator Program, to name a few. Increasing value-added agricultural exports mean greatly expanded economic activity, increased tax revenues, as well as new jobs in America's rural communities.

Market Promotion Program (MPP) -- A key element of an aggressive, value-added export strategy is adequate funding of the MPP. The U.S. pork industry is experiencing unprecedented growth caused, in-part, by soaring 1992 pork exports to foreign markets, up 40 percent from 1991. The U.S. pork industry's goal is to become a net exporter of pork in 1993. Targeted foreign market development, the kind provided by MPP, is critical if we hope to reach this goal. These expanded exports make an important contribution to our nation's balance of trade and national economy. Aggressive marketing and a strategic alliance between the public and private sectors are necessary to ensure market access and a chance to compete in foreign markets. NPPC requests $100 million - the fiscal 1994 funding level - be included in the FAS appropriation for continued foreign market development initiatives under the Market Promotion Program.

AGRICULTURAL STABILIZATION & CONSERVATION SERVICE (ASCS)

Water Quality Incentive Program -- The Water Quality Incentive Program (WQIP) is one of the pork industry's top priorities. WQIP provides cost-share assistance to agricultural producers who are willing to adopt new practices that enhance water quality. The incentive payments help producers implement practices that go beyond what is required under present law. This program is especially critical in providing producers with financial and technical resources to meet new Clean Water Act requirements. NPPC requests $50 million be included in the ASCS appropriation for the WQIP.

FOOD SAFETY & INSPECTION SERVICE (FSIS)

Meat & Poultry Inspectors -- Consumer confidence in the overall safety of their food is a major concern for the U.S. pork industry. The federal meat and poultry inspection system must provide the necessary assurances to consumers that only safe, wholesome, and properly inspected products are being sold. NPPC actively supports the design and implementation of a truly science-based meat and poultry inspection for the 21st Century. NPPC supports the President's request for an additional $7.7 million in the FSIS appropriation to hire an additional 200 inspectors, $5.7 million for pre-harvest programs to reduce pathogens and chemicals residues, and trace microbiological contamination, and $6 million for developing a risk-based inspection system.

Meat & Poultry Inspection Fees -- NPPC has joined a large cross-section of organizations to oppose a proposal now under consideration in the Congress that would require meat processors operating beyond one eight hour shift to reimburse the government for the full cost of federal meat and poultry inspections. This proposal amounts to a yearly $103 million tax for a program that is already required by law and which confers no direct economic benefit on the meat industry. The imposition of inspection fees would be costly to plant operators and could cause thousands of Americans their jobs. This new food safety tax will inevitably impose additional pressures on the prices livestock producers receive, and the prices consumers pay, for these products. Additionally, having industry pay inspector salaries--even indirectly--could create misleading impressions about the integrity of the government meat inspection process. These potential problems far outweigh the revenue increase that the fees would generate. The assurance of food safety is a government function that is too important to be held hostage to the ever-changing politics of the federal budget. NPPC opposes the imposition of user fees on meat inspection.

FOOD AND CONSUMER SERVICE (FCS)

The Emergency Food Assistance Program (TEFAP) is an effective program that purchases and donates to States a variety of wholesome surplus commodities and supplements the nutritional needs for low-income households. Strict income guidelines are set by the states, and these guidelines ensure that TEFAP serves those who need it the most - the poorest of the poor. Additionally, TEFAP has played a major role in feeding thousands of Hurricane Hugo, Hurricane Andrew, San Francisco and Los Angeles earthquake, and Midwestern flood victims over the last few years. TEFAP funding for surplus commodities has declined in funding from $162.3 million in fiscal year 1993 to $40 million for administrative expenses only in fiscal year 1995. NPPC requests $120 million - the fiscal 1994 funding level - be included in the FCS appropriation for administrative and commodity purchases. TEFAP is a valuable federal program that stabilizes agricultural commodity prices while delivering wholesome food products to needy households on a timely basis.

CONCLUSION

NPPC thanks the Committee for its support of the programs outlined in this testimony. We look forward to working with the Committee as the fiscal year 1995 Agriculture Appropriations Bill is finalized. With your continued support, America's pork producers can continue to work cooperatively with the federal government to improve our products and our industry's competitiveness in the international marketplace. The pork industry generates increased economic activity, employment opportunities and tax revenues which benefit the communities where our producers live, and the country as a whole.

Mr. DURBIN. At this point in the record we will insert four statements provided for the record. We will now stand in recess.

[The information follows:]

TESTIMONY OF

MR. TED MCNULTY, AQUACULTURE COORDINATOR

ARKANSAS DEVELOPMENT FINANCE AUTHORITY
STATE OF ARKANSAS

BEFORE

THE SUBCOMMITTEE ON APPROPRIATIONS

ON

AGRICULTURE, RURAL DEVELOPMENT,

FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES

COMMITTEE ON APPROPRIATIONS

U.S. HOUSE OF REPRESENTATIVES

MARCH 16, 1994

Mr. Chairman and Members of the Subcommittee, it is a pleasure to appear before you and to discuss the establishment of the National Aquatic Health Consortium. The Consortium has been established to counter, over the long term, the significant losses to American fish farmers from aquatic diseases.

As this Committee knows, aquaculture is a significant industry in the United States. Its capacity to increase income for the producers and their growing service industries is tremendous. Fish farming is a growing industry and it has been described by many farmers and business leaders as the one bright spot in American agriculture today. In addition, warmwater aquaculture can be of benefit to other sectors of the economy by providing domestically raised fishery products in place of already significant and still rising quantities of imports.

Fishery products available in the United States have historically come from domestic (wild fish) landings and imports and only recently from aquaculture. Many biologists believe that wild fishery resources are now at maximum sustained yield and that some more preferred species are being over-harvested.

However, a number of hurdles must still be overcome before the aquaculture industry can attain the stability that marks other animal husbandry industries, such as poultry or pig.

To improve the current state of the aquaculture industry, the State of Arkansas, the University of Arkansas, the U.S. Fish & Wildlife Service and the Oceanic Institute have established the National Aquatic Animal Health Consortium to serve as a vehicle for collaborative aquaculture research. The objective is to generate improvements through research, and investments in facilities, personnel and expertise. The Consortium will result in more efficient and productive use of research funds for the greatest benefit of the aquaculture industry.

The Consortium will focus primarily on research related to the health of aquatic animals. Research efforts that will likely have major positive effects on aquatic animal health include fish health, water quality, fish nutrition, hatchery and production management and economics and marketing. Improvements in aquatic animal health will improve survival of organisms that will, in turn, lower production cost for the farmer. This translates into an increase in farm profits and savings for the consumer.

Aquaculture is already contributing to the economy of Arkansas and the United States with a current farm gate value of $100 million and over $800 million, respectively. The potential of further increase to the incomes of our nation's farmers and industry service persons can be assured if the technical information necessary for profitable expansion is provided.

The National Aquatic Animal Health Consortium will serve as a vehicle for collaborative research between the State of Arkansas, the University of Arkansas, the Oceanic Institute and, under separate agreement, the U.S. Fish & Wildlife Service. The objective is to generate improvements through research, and investments in facilities, personnel and expertise. The Consortium consequently will result in more efficient and more productive use of research funds for the greatest benefit of the aquaculture industry.

The Consortium will focus primarily on research related to the health of aquatic animals. Improvements in aquatic animal health will improve survival of organisms that will, in turn, lower costs of production for the farmer and ultimately to the consumer as well as increase farm profits.

Research efforts that will likely have major positive effects on aquatic animal health include: (1) fish health, and approval of new therapeutants for aquatic animals; (2) water quality research to reduce incidence of environmental diseases; (3) fish nutrition and feeds development to prevent nutritional diseases; (4) improved hatchery and production management practices to maintain an environment conducive to health of aquatic animals, and, (5) economics research to ensure that recommendations and research are directed towards cost-effective technologies.

Fish diseases continue to plague fish farmers in all sectors of the aquaculture industry and, as new production technologies develop, will continue to be a critical issue. Research will be focused on elaboration of specific, simple, rapid and sensitive diagnostic methods, study of poorly understood and emerging pathological conditions, development of better prevention methods and screening of new therapeutants.

Fish problems are compounded by difficulties with the clearance and approval process of the federal government for therapeutants of importance to the aquaculture industry. Both aspects, fish health research and clearance; approval of new therapeutants, will be of short and long-term benefit to the industry.

Water quality problems in aquaculture can result in environmentally caused diseases. Furthermore, poor water quality can cause stress in fish, thereby increasing the aquatic organism's susceptibility to disease. Interaction between water quality and nutrition/fish feeds is an area of research that has not been fully developed in aquaculture research, yet has great potential for improving the health of aquatic animals.

Feed costs comprise the greatest single expenditure of aquaculture operating cost. Proper and adequate nutrition is necessary to prevent nutrition-related diseases. Research on fish nutrition and development will reduce costs of aquaculture production by maintaining appropriate levels of nutrients in addition to improving feed conversions.

As production technologies are developed for new aquaculture species, development of cost-effective feeds will be critical to the commercial feasibility and viability of new aquaculture industries. The effect of nutrition and feeds on water quality may also prove to be the next major break-through in aquaculture production.

Management practices for both hatchery and growout phases in all sectors of the aquaculture industry require refinement to increase productivity while lowering unit costs of production. Proper management practices will result in an optimal environment for production of aquatic animals that will reduce the incidence of health problems. Even for established industries such as catfish farming, improved hatchery and management practices (including harvesting technologies) will result in more efficient, lower cost aquaculture production with minimal stress-related damage to aquatic products.

Minnow production practices on minnow farms located throughout the continental United States and Hawaii have vast potential for improvement to increase productivity and to lower cost. New production management technologies need to be developed for emerging aquaculture species like hybrid striped bass, tilapia and many marine species for which the basic life history research has been promising.

Benefits to the aquaculture industry will result from research only if the generated and promoted technologies are economically feasible. Economics research will be integrated into all phases of the Consortium's research program in an interdisciplinary effort to ensure that the research is indeed directed towards those recommendations and technologies with the greatest potential to result in low-cost aquaculture products desired by consumers in the United States and abroad.

The research and development activities to be carried out by the Consortium will be coordinated by the Arkansas Development Finance Authority, a State of Arkansas agency located in Little Rock, Arkansas.

Mr. Chairman, the Consortium respectfully requests funding of $3.0 million in FY 1995 to begin this important work.

STATEMENT OF

DEANNA ORWIG
PRESIDENT

NATIONAL ASSOCIATION OF CROP INSURANCE AGENTS

BEFORE THE

SUBCOMMITTEE ON RURAL DEVELOPMENT, AGRICULTURE AND
RELATED AGENCIES, COMMITTEE ON APPROPRIATIONS,
HOUSE OF REPRESENTATIVES

March 16, 1994

The National Association of Crop Insurance Agents ("NACIA") appreciates the opportunity to state for the record that it supports an appropriation for the Federal Crop Insurance Corporation ("FCIC") for fiscal year 1995 that at least equals the FCIC's appropriation for fiscal year 1993 which was larger than 1994's appropriation.

NACIA was organized in 1981 as a non-profit corporation to foster a sound system of crop insurance to better serve the farmer and to cooperate with the FCIC in the promotion, expansion and marketing of crop insurance in the United States. NACIA has been an active participant in FCIC rule making proceedings and in legislative debates and was represented on the Congressional Commission for the Improvement of the Federal Crop Insurance Program.

At least since 1921 and the passage of the Budget and Accounting Act of 1921, which created the Bureau of the Budget, the predecessor of the Office of Management and Budget ("OMB"), the civilian procurement of supplies and services has been a fundamental public policy. That policy is presently enunciated in OMB Circular A-76 which states, in pertinent part:

> "The Federal Government shall rely on commercially available sources to provide commercial products and services. In accordance with the provisions of this Circular, the Government shall not start or carry on any activity to provide a commercial product or service if the product or service can be procured more economically from a commercial source."

More recently, Vice President Gore's Report of the National Performance Review, Creating a Government That Works Better & Costs Less, reemphasized the importance to the Government of relying even more on the commercial marketplace. The Federal Crop Insurance Act is consistent with the public policy enunciated in the OMB Circular and the Vice President's Report and that policy should be fostered. (See, also OMB Policy Letter on Inherently Governmental Functions, 57 F.R. 45096 et seq., September 30, 1992).

In 1980, Congress was able to make crop insurance available for all crops in all counties because it amended the statute to enlist independent insurance agents in the sale and service of crop insurance. Those agents have been as successful as the free disaster payments against which they compete have permitted them to be. Indeed, those agents have been so successful in the sale of reinsured policies that the FCIC has recognized that a second delivery system for the sale and service of FCIC policies was wasteful and should be abolished. Based on the experience and data that led to this judgment, which experience and data are unchanged, there is simply no basis to conclude that a duplicative, delivery system of government employees, with all of its attendant capital investments, training costs, administrative expenses, and liabilities is warranted or that such an expense can be justified given other pressing needs of the FCIC.

Indeed, because the FCIC's own records disclose that inordinate expenditures were made to train ASCS employees to sell Federal crop insurance and the inadequacy of their accomplishments, NACIA believes that the expenditure of approximately $250 million (which is a more accurate appraisal of the true cost than the Government has made) to train the public sector to compete against the private sector is not justified by experience, is wasteful of private sector tax dollars and is inimical to the survival and success of the Federal crop insurance program. This Subcommittee should reaffirm the exclusive role of the independent insurance agent in the sale and service of crop insurance and redirect the monies earmarked for a second delivery system to a catastrophic loss pool or restore them to premium subsidies or direct them to enhanced compliance efforts.

Because NACIA is an organization of agents and because agents are dependent upon the existence in the insurance market of sufficient surplus to underwrite the risks that they sell and service, it is particularly appropriate that NACIA call to the Subcommittee's attention the sharp reduction in available underwriting surplus caused by last year's floods. Those floods and 1988's drought, two polar opposites which ironically occurred back-to-back, demonstrate that commercial insurers are exposed to the same unpredictable risks of natural disaster as are the farmers the Federal crop insurance program protects.

If that program is to continue to protect farmers and finally replace the high cost of ad hoc disaster programs, the surplus of those insurers participating in the program must be permitted to replenish itself. To this end, NACIA believes it is incumbent upon the FCIC to assume more of the risk on true catastrophic loss and transfer to the commercial sector more of the risk on true insurance losses.

In conclusion, NACIA commends the FCIC's efforts and professionalism and urge this Subcommittee to appropriate the funds necessary to permit the FCIC to fulfill its statutory mission.

Greater Yellowstone Coalition

March 2, 1994

The Honorable Richard Durbin
Chairman, Subcommittee on Agriculture
Committee on Appropriations
U.S. House of Representatives
Washington, DC 20515

Dear Mr. Chairman:

We respectfully request that the following funding recommendation be entered into the record as part of the subcommittee's hearing on the FY95 budget for the Agricultural Research Service.

The Greater Yellowstone Coalition is very concerned about the impact of the Sheep Experiment Station Summer Range in Montana's Centennial Mountains. The current location of the Summer Range, which is administered by the Agricultural Research Service, directly affects management capabilities on the Beaverhead and Targhee National Forests, Red Rock Lakes National Wildlife Refuge and adjacent BLM proposed wilderness lands. We support funding to facilitate the relocation of the Sheep Experiment Station Summer Range to a less sensitive area. This request stems from longstanding concerns over conflicts with wildlife, wildland, recreation and ecosystem management goals. At the very least, we urge the subcommittee to direct the Agricultural Research Service to conduct a study of possible relocation sites, and to draft an interim land management plan. We believe this plan should protect the integrity of the existing wildlands and wildlife values by prohibiting timber harvest, road building, overgrazing, and motorized travel in roadless lands, and should endorse the proposed re-introduction of bighorn sheep into this portion of the Centennial Range.

We greatly appreciate your consideration of this issue and look foward to working with you towards improved management of this important area.

Sincerely,

Mary Stuart McCamy

Mary Stuart McCamy
Washington Coordinator

Main Office — P.O. Box 1874 • Bozeman, Montana 59771 • (406) 586-1593 • FAX (406) 586-0851
Idaho Field Office — 3075 Tipperary Lane • Idaho Falls, Idaho 83404 • (208) 523-6241 • FAX (208) 529-8644
Washington Field Office — 666 Pennsylvania Ave., S.E. Ste. 200 • Washington, D.C. 20003 • (202) 547-9009 ext. 3313 • FAX (202) 547-9022

WEDNESDAY, FEBRUARY 23, 1994.

AID TO AFRICAN AND CARIBBEAN COUNTRIES

WITNESS

REGINALD P. MORROW, EXECUTIVE DIRECTOR, CENTER FOR APPLIED BIOTECHNOLOGY IN AGRICULTURE

Mr. DURBIN. Mr. Reginald Morrow, Center for Applied Biotech in Agriculture is our first public witness, if you would be kind enough to come to the table.

I might say to Mr. Morrow and all the witnesses that we will put into the record your entire testimony, and we have a standing rule here that your likelihood of success is inversely proportional to the length of your statement, so if you would tell us what you really want us to remember, we will do our best to absorb it. [Laughter.]

Mr. MORROW. I can't say hello, huh? [Laughter.]

Mr. SKEEN. Well, we have a kind chairman, and you have to be careful with him because he is very indulgent, a beacon to us all.

Mr. MORROW. Good afternoon. Mr. Chairman, I'd like to express my appreciation for the opportunity to appear before this committee and offer testimony in support of international assistance in the arena of agricultural production and agribusiness creation.

I will keep my remarks as brief as possible.

I would like to paraphrase J. Brian Atwood, administrator of USAID in his opening statement before the Senate Foreign Relations Committee on April 29, 1993.

As a nation we have a profound obligation to help the developing world. A democratic, pluralistic, market-oriented world is a safer and better world for our country and for our children.

Mr. Chairman, with the end of the Cold War, profound changes are taking place in the international environment that affect not only peace and security, but also economics and development.

It is time to think afresh, to recommit ourselves to social and economic development, and to reappraise our approach.

My reason for coming today is to talk a bit about Africa and the Caribbean and agricultural development in these parts of the world, to discuss how we might take a more cost-efficient role in how we provide assistance to these parts of the world, and to introduce a project idea.

I've submitted testimony in written form. I won't read all of it, but I would like to read what I think are the salient issues.

African aid and development efforts of the post-independence era failed largely because the strategies were misconceived. Governments of developing countries made a dash for modernization, imitating, not adapting Western models.

What resulted were poorly designed public investments in large scale industrial projects; too little attention to peasant agriculture;

too little effort to foster grassroots development; and ill-timed intervention in areas where managerial, technical and entrepreneurial skills were lacking.

This top-down approach demotivated and marginalized ordinary peoples whose energies most needed to be mobilized in the development effort.

In order for agriculture to make a significant impact on the economies of these nations of Africa and the Caribbean, and to improve the living conditions of their people, strategic efforts are needed to build the capacities of African and Caribbean nations, to produce a better educated, better trained, and more healthy population, and to greatly strengthen the institutional framework within which economic development can take place.

Improved education and training must be high priorities in these countries. There is a need to produce, at all levels, better trained researchers, agricultural extension agents and farmers, and to strengthen rural institutions such as farmers associations, cooperatives and women's groups, and to improve the training of farmers and agribusiness professionals.

Further, education and training programs at the grassroots level must happen. This will open up new employment opportunities in agriculture and will help curb the migration of rural dwellers to the cities.

The strength of the agricultural sector, over the long term, depends on the ability to develop and apply more productive and sustainable agricultural practices.

Further, any increases in agricultural production in these countries must come almost entirely from improvements in the productivity of land already under cultivation. Expanding populations, accelerated deforestation and degradation of arable land continue to take land out of production.

With rapid population growth, the land and resource base are not adequate to maintain traditional farming and livestock systems. Pressure on the land is resulting in declines in crop yields and overgrazing. Vegetative cover is weakening and erosion is accelerating.

An essential requirement to build a broader base for production is to get scientific researchers directly involved with productive enterprise. A key field for increased focus is biotechnology.

Biotechnology could be turned to advantage if applied by African and Caribbean nations in well-thought-out areas. The continued development and application of agricultural biotechnology may allow for a more rapid realization of agricultural production targets and will be essential to resolve constraints in food security and productivity and to add impetus to the movement to market economies.

One mechanism to transfer technology, biotechnology included, is international exchange. The U.S. private and university sectors, particularly the historically black colleges and universities, working in close collaboration with agencies of the U.S. government, can make an important contribution by providing technology, expertise and practical training necessary to solve the problems of agricultural productivity and food security.

Mr. Chairman, I'm not going to read the entire statement. There's a bit more, but in order to address some of the issues and opportunities that I've discussed, and certainly we are addressing at the same time as we call for assistance to Africa and the Caribbean, we are also aiming towards assisting the U.S. agribusiness industry.

Because we recognize this is opportunity, we offer the CABA agricultural initiative for Africa and the Caribbean, this program, assists these nations in sustainable agricultural exchange, supports democratization and the development of market economies, provides the market opportunity for U.S. commercial enterprises, and promotes U.S. competitiveness.

This is a multi-disciplinary program and has already received the endorsement and support from many of the land grant colleges and universities of the United States, as well as participation commitments from important U.S. agribusiness companies.

In the host nations, the CABA initiative is viewed as a practical, cost-efficient program that can have an immediate impact upon agricultural production and economic development.

Mr. Chairman, appropriate representatives from each of the above referenced constituencies ask for the assistance of this committee to secure funding for the CABA agricultural initiative for Africa and the Caribbean.

Six minutes.

Mr. DURBIN. Good job, and I read your statement while you were reading other portions of it. What specific program in USDA would you like to see us move this initiative through?

Mr. MORROW. We would like to move it through FAS/CID.

Mr. DURBIN. All right, let me take a look at this.

Mr. MORROW. Thank you.

Mr. DURBIN. And I appreciate your testimony, and I imagine you have given us a place where we can reach you if we have any questions on that.

Mr. MORROW. Absolutely.

Mr. DURBIN. Okay, Mr. Skeen.

Mr. SKEEN. Mr. Chairman, I have no questions. I just want to congratulate the gentleman for his dedication to, I think, a very significant problem area, and evidently with a great deal of expertise. We compliment you on your expertise, and dedication to the job and thank you for your testimony.

Mr. MORROW. Thank you.

Mr. DURBIN. Thank you, Mr. Morrow, we appreciate it very much.

[The information follows:]

PREPARED REMARKS OFFERED AS TESTIMONY TO
THE
AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION AND
RELATED AGENCIES SUBCOMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

22 MARCH 1994

STATEMENT OF REGINALD P. MORROW, EXECUTIVE DIRECTOR
CENTER FOR APPLIED BIOTECHNOLOGY IN AGRICULTURE
(CABA)

Mr. Chairman,

I'd like to express my appreciation for the opportunity to appear before this committee to offer testimony in support of international assistance in the arena of agricultural production and agribusiness creation.

I will keep my remarks as brief as possible.

I would like to paraphrase J. Brian Atwood, Administrator of USAID in his Opening Statement before the Senate Foreign Relations Committee on April 29, 1993.

> "As a nation we have a profound...obligation to help the developing world. A democratic, pluralistic, market-oriented world is a safer and better world for our country and for our children.
>
> We [the United States] have an abiding interest in ...promoting sustainable development. This does not require -- and is not -- consistent with -- an international welfare program; this does not require -- and is not consistent with -- investments in societies whose governments do not take the steps necessary to help themselves. Rather we recognize that sustainable development is most likely to take place within relatively stable political systems and sound economic policy structures. It is in such an environment that we can expand markets among entire populations rather than just ruling elites. It is in such and environment that we can recruit fully functioning members of the global economy and the international political system. It is in such an environment that we can reap the benefits of greater stability abroad and increased economic growth here at home."

Mr. Chairman, with the end of the Cold War profound changes are taking place in the international environment that affect not only peace and security but also economics and development. It is time to think afresh: to recommit ourselves to social and economic development, and to reappraise our approach.

In contrast to donor policies of the Cold War era, future international development strategies must envisage agriculture as the primary foundation for growth. Agriculture is absolutely essential to Sub-Saharan Africa's economic growth and development. It contributes 34 percent of GDP, 40 percent of exports and 70 percent of employment. It is by far the largest sector of the economy. It is the sector on which the vast majority of Africans depend for their well-being and livelihood. In addition, agriculture plays a primary role in building local manufacturing and service industries, raising non-farm incomes and creating additional markets for industrial goods. The links between agriculture and industrial growth are strong.

African aid and development efforts of the "post-independence" era failed largely because the strategies were misconceived.

Governments of developing countries made a dash for modernization, imitating, not adapting, Western models. What resulted were poorly designed public investments in large scale industrial projects; too little attention to "peasant" agriculture; too little effort to foster grassroots development; and ill timed intervention in areas where managerial, technical and entrepreneurial skills were lacking. This top-down approach demotivated and marginalized ordinary people, whose energies most needed to be mobilized in the development effort.

"Aid projects and government programs in Africa have had an appalling failure rate. One in every two World Bank agricultural projects in East Africa has failed -- against one in twenty in South Asia. Projects have been over-ambitious, not sufficiently focused on farmers' real needs, constraints and capacities, and not attentive enough to the overall frameworks governing the agricultural sector.

In order for the agricultural sector to make a significant impact on the economies of these nations and improve the living conditions of their people, strategic efforts are needed to build the capacities of African and Caribbean nations: to produce a better educated, better trained, more healthy population and to greatly strengthen the institutional framework within which economic development can take place.

Improved education and training must be high priorities. There is a need to produce (at all levels) better trained researchers, agricultural extension agents and farmers, and to strengthen rural institutions (e.g., farmers' associations, cooperatives and women's groups), and improve the training of farm managers and agribusiness professionals. Further, education and training programs at the "grass-roots" level which will open up new employment opportunities in agriculture will help curb the migration of rural dwellers to the cities.

Richard Jolly, assistant executive director of UNICEF, has stated that donor nations "could make a dramatic contribution to Africa's children and general development if they would restructure their existing aid budgets in favor of human development priorities."

Foreign aid programs which have largely focused on encouraging economic growth as a whole have assumed that prosperity would make its way down to the rural poor. This "trickle-down" theory has not worked, according to Idriss Jazairy, immediate past president of the International Fund for Agricultural Development (IFAD) because the rural poor have not been seen as a resource to be encouraged to produce prosperity.

"The poor are not idle, they work. Nobody is simply poor, the rural poor are poor farmers, poor herders and poor fishermen. In short they are poor producers: Their incomes are gained from their work. The answer to poverty lies in creating the conditions for them to earn more from their work." This can be accomplished with small, relatively inexpensive programs that take into account the needs and customs of the poor in the countryside, and the businesses supporting them.

Given its central importance to the nations of Africa and the Caribbean, agriculture must take priority in any strategy to achieve long term growth. This concentration on agriculture does not necessarily mean an exclusive emphasis on food crops: a mix of cash and food crops may offer a faster and more viable route to growth, diversification and employment. It also does not imply that each nation needs to become self-sufficient in food: even the staunchest advocates of food self-sufficiency are now calling for improving trade in food and for greater regional and international cooperation to increase production and productivity in agriculture.

The strength of the agricultural sector, over the long term, depends on the ability to develop and apply more productive and sustainable agricultural practices. Further, any increases in agricultural production must come almost entirely from improvements in the productivity of land already under cultivation. Expanding populations, accelerated deforestation and degradation of arable land continue to take land out of production. With rapid population growth, the land and resource base are not adequate to maintain traditional farming and livestock systems. Pressure on the land is resulting in declines in crop yields and overgrazing; vegetative cover is weakening and erosion accelerating.

Environmental degradation in Africa and the Caribbean and the depletion of natural resources have both domestic and international ramifications. Unless halted, this degradation threatens the productive base of the African and Caribbean nations. Additionally, deforestation and resource depletion is also of concern to the rest of the world because it threatens loss of biological diversity -- an irreplaceable gene bank of immense potential benefit to the entire world.
Thus, more productive practices must be developed to respond to the special needs of African and Caribbean farmers and to the needs of their environment.

An essential requirement to build a broader base for production is to get scientific researchers involved directly with productive enterprises. A key field for increased focus is bio-technology. Bio-technology could be turned to advantage if applied by African [and Caribbean] countries in well thought-out areas. The continued development and application of agricultural biotechnology may allow for a more rapid realization of agricultural production targets and will be essential to resolve constraints in food security and productivity and to add impetus to the movement to market economies.

One mechanism to transfer biotechnology and other technologies is international exchange. The U.S. private and university sectors (particularly the Historically Black Colleges and Universities), working in close collaboration with agencies of the U.S. government, can make an important contribution by providing technology, expertise and practical training needed to help solve problems of agricultural productivity and food security.

By helping build strong economies in Africa and the Caribbean, the U.S. contributes to their economic and political stability. Strong developing economies in these regions will generate demand for the more technologically advanced products of the United States and create the capital needed to purchase and import these products.

It is estimated that each $1 billion in U.S. exports creates 20,000 U.S. jobs. "The great majority of states, in the U.S., have benefitted from recent growth in exports to Latin American and the Caribbean. In 1990, U.S. exports to Latin American and Caribbean countries totaled $53.5 billion, an increase of $19 billion, or 55 percent, from $34.5 billion in 1987. U.S. exports to Latin America and the Caribbean reached $63.5 billion in 1991, making the region that fastest growing in the world for U.S. products.

Given the state of the U.S. economy we must promote international assistance programs the offer collateral benefit to the U.S. and its industries. As we examine U.S. trade and exports it is apparent that; increasingly the United States' economy is dependent upon its ability to provide quality products to the export markets of the world. In agriculture, the U.S. advantage will not be in the export of U.S. produced crops but rather in the export of science and technology necessary to produce and deliver high quality crops in other countries. In African and Caribbean markets, the U.S. advantage will be manifested in the export of seed and seed technology, storage and preservation technologies, distribution systems, agricultural biotechnology, water technologies, dairy genetics, beef breeding, production and export of processing technologies, machinery and farm equipment. These exports translate into the creation of jobs in the U.S. and represent a potential offset of trade imbalances in other sectors.

Only in rare instances do the nations of Africa and the Caribbean have the industrial infrastructure capable of producing the machinery necessary to support in-country processing industries. Further with regard to new regimens, like biotechnology, the lack of viable domestic research and development infrastructure again delivers these countries and their markets to the producers of technology. These countries are the emerging new markets of the commercial interests of the United States.

U.S. export of farm machinery and production technologies to developing countries is directly dependent upon these countries ability to produce quality products attractive to consumers in local and regional markets. Thus an operational interdependence exists demonstrating that the United States is both a critical partner in and a beneficiary of development in Africa and Caribbean.

To address the foregoing set of circumstances and opportunities we offer the "CABA Agricultural Initiative for Africa and the Caribbean."

The "CABA Agricultural Initiative for Africa and the Caribbean" (a) assists these nations in sustainable agricultural production, (b) facilitates technology transfer and scientific exchange, (c) supports democratization and the development of market economies, (d) provides market opportunity for U.S. commercial enterprises, and (e) promotes U.S. competitiveness. This multidisciplenary program has already received the endorsement and support from many of the Land Grant Colleges and Universities of the United States as well as participation commitments from important U.S. agribusiness. In the host nations the CABA Initiative is viewed as a practical cost efficient program that can have an immediate impact on agricultural production and economic development.

Mr. Chairman, appropriate representatives from each of the above referenced constituencies ask for the assistance of this committee to secure funding for the "CABA Agricultural Initiative for Africa and the Caribbean."

THE CABA AGRICULTURAL INITIATIVE FOR AFRICA AND THE CARIBBEAN

The CABA Agricultural Initiative for Africa and the Caribbean is not a single program or project but rather a multidisciplenary vehicle created by CABA especially for the purpose of assisting the agricultural, agribusiness, scientific and economic efforts of these developing nations.

The goal of the CABA Initiative is to enhance the portfolio of factors applicable to development in these countries. Development factors include; Human resources, Physical resources, Knowledge resources, Capital resources and Infrastructure.

The CABA Agricultural Initiative for Africa and the Caribbean has the following objectives:

(1) To assess productive capability of food and cash crops and determine appropriate technologies and practices to enhance sustainable production and efficient utilization,

(2) To develop strategies for the application of modern and appropriate agricultural technologies and sustainable management practices to support food security and crop production,

(3) To introduce and enhance training and education in the areas of production, processing, utilization, nutrition, marketing, trade and distribution in rural, urban and institutional settings,

(4)To promote technology transfer, scientific and educational exchange and cross-cultural understanding and encourage environmentally sound, and gender sensitive, sustainable agricultural practices,

(5) To reinforce emerging market-based economies and provide market opportunities for U.S. companies,

(6) To encourage the involvement of the private sector in agricultural production and processing. To encourage the development of domestic agribusiness in Africa and the Caribbean,

(7) To assist with the development of policy supportive of free-market economics and domestic capability enhancement,

(8) To assist the HBCUs and HACUs as they offers skills development and technology transfer opportunities to the international community.

The CABA Agricultural Initiative for Africa and the Caribbean is organized around three components through which its objectives will be met. These components are:

Assessment of Productive Capability,
Education and Scientific Exchange,
Agricultural Production, Utilization and Agribusiness Development.

BOWMAN-GREY HUMAN NUTRITION RESEARCH CENTER

WITNESSES

HON. STEPHEN L. NEAL, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA

HON. DAVID E. PRICE, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA

HON. MELVIN WATT, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA

Mr. DURBIN. I see our colleagues, Mr. Neal, Mr. Price have joined us speaking for the great state of North Carolina.

Mr. SKEEN. Distinguished gentlemen.

Mr. DURBIN. Pardon me? Oh, Mr. Watt, please come up. I didn't know you were part of this group. You are sure welcome.

We have your statement for the record, and if you would now point out the things that you think are important for us to remember.

Mr. NEAL. Thanks, Mr. Chairman. First I would like to ask that the statements of Congressman Bill Hefner who is down at the White House for a special meeting right now and couldn't join us, and Dr. Richard Janeway, be entered in the record.

Mr. DURBIN. It will be.

Mr. NEAL. I want to thank you all very much for giving us this opportunity. I'm going to make this statement on behalf of myself and Dave and Mel, and we all appreciate very much your help with this over the years.

We are very encouraged by the progress that has been made on the project over the last year. Construction is on target. Exterior walls are being erected. I have a book I'm going to leave you here that has a picture of it, but it has a lot of data on it too that I hope you will have a chance to take a look at.

The exterior walls are being erected and we're on target. An appropriation of $22,187,340 is needed to maintain the most cost-effective construction schedule, and to have the building open in 1996 as planned. The next step would be the infrastructure of the building to keep it on target.

Officials of the nutrition center have been actively recruiting scientists from around the world who share the common goal of discovering the specific relationships between diet and chronic disease.

A permanent director will be appointed this summer. The center has already received 44 applications from top flight people for this job of director. Some of them are currently working at other USDA nutrition centers, or NIH-sponsored clinical research centers on nutrition.

This facility is already working, the Bowman Gray School of Medicine which is associated with Wake Forest University, is already working on important nutritional breakthroughs.

For example, one research scientist, Dr. Richard Weinberg, head of gastroenterology, may have just isolated the gene found in one of eight people that allows these individuals to eat unlimited amounts of eggs without it effecting their cholesterol level.

This is just one small example of the kind of breakthroughs that are possible in the nutrition field, and I say to you and Mr. Skeen, that just personally in following this subject, it seems to me that the real major breakthrough, the next major breakthrough in preventive health care, and in curing disease, may very well come in this area.

This whole free radical theory of disease envisions using nutrition, elements found in vegetables and fruits and so on, to help people build resistance to disease.

I don't know this for sure, but it sure looks like that this is probably the most promising area for the future. It's being proved over and over again, that nutrition has profound effects on both general health and well-being, and on peoples' susceptibility to chronic diseases such as cancer, heart disease, diabetes, pediatric failure and others.

Scientists are on the verge of breakthroughs in all of these areas, and as you can see from the numerous examples in the nutrition center's document, scientists at Bowman Gray are at the forefront of this research.

It's imperative that we fund this type of research at a time when the cost of health care is a major national problem. We have no choice but to support research on nutrition on other kinds of preventive health care.

Nutrition study is a significant key to lowering the cost of health care in America.

Mr. Chairman, this project would also be an enormous boost to the economy in North Carolina. With the decline of some traditional industries in our area, the nutrition center would provide another new direction for economic growth. It would certainly allow us a whole new diversity.

Mr. Chairman, Mr. Skeen, we know that it's difficult for the subcommittee to divide the scarce funds available. However, the nutrition center is already under construction and it's a project that can give us significant return on our investment.

I know that this facility will pay for itself many times over. I know that you will be proud of the contribution that it can make in terms of reduced health care costs, diminished human suffering, and a healthier population.

Thank you once again for letting us come here, and thanks for all of your help over the years.

Mr. PRICE. Mr. Chairman, let me just briefly add a word of thanks to you and the other members of your subcommittee for the support of this project in the past, and express the hope that you can find room in a very tight budget to help us keep this building on track.

I am well aware, as a former member of this subcommittee, of the many demands for limited funds, especially in this Cooperative State Research Service's buildings and facilities account.

A lot of people don't know just how important the part of this committee's budget nutrition represents—over $40 billion in nutrition programs funded in this bill. That's the largest component, and of course, part of this is the committee's important mission in nutrition research, and that's what we're talking about here today.

Mr. Neal has rightly stressed the relationship of this research to our broader health care strategy. I had a health care forum in my district in January with several panels testifying about different aspects of our health care crisis.

One of the most compelling witnesses was the nutrition program director of the Sarah Stedman Center for Nutritional Studies at Duke University, Meg Molloy. She cited some compelling evidence, based on several major studies, that in treating arthrosclerosis, the clogging of the arteries, nutrition therapy was responsible for a 30 to 40 percent regression or reversal, exceeding those accomplished with drug therapy.

Those are exciting findings, and it's that kind of research, those kinds of breakthroughs that we hope to further with the work of this nutrition center at Bowman Gray.

We are discovering year by year the effectiveness and the cost savings from nutrition therapies. Bowman Gray's work is integral to accomplishing these breakthroughs. They have made the commitment. Construction is well underway, and of course, we're going to be building on, enhancing a research program that is well underway.

So I hope the committee will fund this project as generously as possible so that we can stay on track. Thank you.

Mr. DURBIN. Mr. Watt.

Mr. WATT. Thank you, Mr. Chairman. I'm the new guy on the block. This nutrition center is not physically located in my congressional district, but I represent a part of Winston-Salem and I certainly endorse the support of this facility which has been expressed by my colleagues from North Carolina.

It will have a significant impact on residents in my congressional district, both from a construction perspective, and in terms of coordination of their efforts with people who work at Winston-Salem State University which is in my congressional district, so I wanted to come over and just make sure that I have indicated my support, and hope that we can continue the efforts that have already been started on this important project.

Thank you.

Mr. DURBIN. The North Carolina delegation is well-represented. I thank the three of you for taking the time out of your schedules to join us. I want to say at this point that I know our colleague, Congressman Neal, is off to different aspirations in the years ahead, and he has been a strong spokesman for this project, and I thank you for your continued interest and effort and testimony before this committee.

I have explained to I think each of you the challenge we face with some $57 million to spend nationwide on these projects, and requests from major universities which far exceed our capacity to fund.

We are trying our very best to accomplish something in this subcommittee which hasn't been done in a long time, and that is to complete a building. We want to do that. Mr. Skeen and I have said if we do nothing else, we're going to finish a building, so we think we can do it.

Mr. SKEEN. That includes the interior.

Mr. DURBIN. We may have to work on it on afternoons and weekends. [Laughter.]

But we're going to do it. Let me make something, I want to make sure—we may have to do it ourselves—one of the things that's important for us to understand, from the testimony last year and to be repeated this year, is that the Federal Government, the U.S. Department of Agriculture, is not assuming any responsibility for the operation of this facility.

Mr. NEAL. That's correct.

Mr. DURBIN. Is that correct, acknowledged?

Mr. NEAL. Absolutely.

Mr. DURBIN. Okay. Let us work with you then and see what we can do to come up with some funding levels.

Mr. Skeen.

Mr. SKEEN. Thank you, Mr. Chairman. I have no questions. However, I do want to commend Congressman Price, because as I recall, about two years ago, this committee made a substantial contribution to this nutritional center.

Mr. PRICE. Yes.

Mr. SKEEN. And as a matter of fact, we had to do quite a bit of arguing to get it in. It was very difficult. I think you really have proven its worth, and I congratulate all of you.

Mr. NEAL. Thank you.

Mr. WATT. Thank you.

Mr. SKEEN. Thank you, Mr. Chairman.

Mr. DURBIN. Mr. Walsh.

Mr. WALSH. No questions.

Mr. DURBIN. Thanks for joining us.

[The information follows:]

STATEMENT OF
CONGRESSMAN STEVE NEAL
CONGRESSMAN BILL HEFNER
and
CONGRESSMAN DAVID PRICE

before the

SUBCOMMITTEE ON RURAL DEVELOPMENT, AGRICULTURE
AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES
March 22, 1994

Mr. Chairman and members of the Subcommittee, thank you for giving us this opportunity to testify in support of the Center for Research on Human Nutrition and Chronic Disease Prevention, now under construction at Wake Forest University's Bowman Gray School of Medicine. We appreciate the strong support of this Subcommittee in the past.

We are encouraged by the progress made on this project over the last year. Construction of the nutrition center is on target. The exterior walls are being erected, with glass curtainwalls and windows to follow later this spring. A FY 1995 appropriation of $22,187,340 is absolutely necessary to maintain a cost-effective construction schedule and to have the building open in 1996 as planned. The next step will be the infrastructure of the building including heating, air conditioning, ventilation, plumbing and electricity.

Officials at the nutrition center have been actively recruiting scientists from around the world who share the common goal of discovering the specific relationships between diet and chronic disease. A permanent director for the nutrition center should be appointed this summer. The nutrition center has received 44 applications thus far for the position of director. Some of these applicants are currently working at USDA nutrition centers or NIH-sponsored clinical research centers on nutrition.

Bowman Gray is already working on important nutritional breakthroughs. For instance, one research scientist, Dr. Richard Weinberg, head of gastroenterology, may have just isolated the gene found in one out of eight people that allows these individuals to eat unlimited amounts of eggs without it effecting their cholesterol levels. This is just one small example of the breakthroughs that are possible in the nutrition field.

It is being proved over and over again that nutrition has profound effects on both general health and well-being and on people's susceptibility to chronic diseases such as cancer, AIDS, heart disease, diabetes, and pediatric failure to thrive. Scientists are on the verge of breakthroughs in all of these areas, and as you can see from the numerous examples in the nutrition center's 1994 document summary, scientists at Bowman Gray are at the forefront of this research.

It is imperative that we fund this type of research facility. At a time when the cost of health care is a major national problem, we have no choice but to support research on nutrition and on other kinds of preventative health care. Nutrition study is a significant key to lowering the cost of health care in America.

This project would also be an enormous boost to the economy in North Carolina. With the decline of some traditional industries in our area, the nutrition center would provide another new direction for economic growth.

Mr. Chairman, we are aware that it will be difficult for the Subcommittee to divide the scarce funds available. However, the nutrition center is already under construction, and it is a project that can give us significant return on our investment. Cost effectiveness is important in these tight budgetary times and, for this reason, we urge you to give special consideration to the Bowman Gray nutrition center. This facility will pay for itself many times over in reduced health care costs, diminished human suffering and a healthier population.

Thanks, once again, for the support this Subcommittee has given this project in the past. We would be glad to answer any questions you may have.

W. G. (Bill) Hefner
March 22, 1994
Before the House Appropriations Subcommittee
on Rural Development, Agriculture and
Related Agencies

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

I want to thank the Subcommittee Members for your past support of the Cooperative State Research Service program and particularly your understanding and support of the Bowman Gray Center for Research on Human Nutrition and Chronic Disease Prevention.

The CSRS program has been targeted for significant cuts in the president's budget and these cuts are assumed in the House passed Budget Resolution which I did support. However, I believe we must be extremely careful about the decisions we make in the appropriations for these cooperative research efforts at our institutions of higher learning.

One can argue that this research could and should be picked up by the private sector. But will that be the case? I am concerned that not only would our safe and abundant food supply suffer from a withdrawal of Federal support, but the more important and vital research in human nutrition and disease prevention would sustain a much greater loss. This would be a tragedy and could result in much higher costs in health care as well as prices in agriculture products and other innovations for the wellbeing of mankind.

The Bowman Gray Nutrition Center is currently on schedule with previous appropriations from Congress and a bridge loan. However, for this project to stay on course and be completed by the opening date in 1996, it is essential that the amount of $22,187,340 be awarded in FY 95.

The next phase of construction is the all important infrastructure of the building -- heating, air conditioning, electricity and plumbing, etc. This cannot be done on a piecemeal basis so the full amount of funding is vital to the integrity of the project. We cannot afford to lose time in the completion of the facility to house what may prove to be the most important research effort ever undertaken in improving the health of our citizens.

I respectfully request the Subcommittee to consider the importance of this project and thank you for your support in a matter that is of extreme interest and concern to me. Thank you.

Statement of Richard Janeway MD
Executive Vice President for Health Affairs and Executive Dean
The Bowman Gray School of Medicine of Wake Forest University
Before the
Subcommittee on Rural Development, Agriculture and Related Agencies
Committee on Appropriations
U.S. House of Representatives

Mr. Chairman, we appreciate the interest in and the support of the subcommittee over the past five years for the Center for Research on Human Nutrition and Chronic Disease Prevention. We want to assure you and the subcommittee that this important research initiative is proceeding successfully both on the construction and research fronts, and is also fulfilling the nutrition research mission of the Department of Agriculture.

The National Agriculture Research, Extension and Teaching Policy Act of 1977 stated that Congress found "increasing evidence of a relationship between diet and many of the leading causes of death in the United States; that improved nutrition is an integral component of preventive health care; that there is a serious need for research on the chronic effects of diet on degenerative diseases and related disorders . . . "

For many years, Mr. Chairman, our Medical Center has been on the leading edge of research into the prevention of these chronic diseases. The Nutrition Center is providing us with a unique opportunity to expand our existing research in that area in a fashion that can provide dramatic breakthroughs for the health and welfare of the American people.

As evidence of the excitement both inside and outside our institution about the Nutrition

Center, let me cite just a few developments:

-- We are recruiting top flight scientists with strong interests in finding the relationships between diet and chronic disease.

-- A steady stream of nutrition-oriented scientists from around the world are visiting our Nutrition Center to engage in dialogue with our investigators and we are developing joint research programs with leading institutions here and abroad.

-- We plan to have a permanent director for the Nutrition Center in place this summer. The position attracted applications from 44 investigators, some of whom are currently working at USDA nutrition centers or NIH-sponsored clinical research centers on nutrition.

Mr. Chairman, as I mentioned, we are already working on some important breakthroughs. One of these may be of tremendous importance to one of the Department of Agriculture's important producer constituents, as well as to the health of the American people.

I am aware, Mr. Chairman, that sometimes nutrition research and some of the Department's basic producer interests appear to be in conflict, especially in the area of how to prevent heart disease with low-fat, low-cholesterol diets. Eggs, especially, have been at the top of the list for people to avoid.

One of our research leaders, Dr. Richard Weinberg, head of our section on gastroenterology, may have discovered something that will allow as many as 30 million Americans to become much more sophisticated in making decisions about whether or not eggs represent a problem for them.

Dr. Weinberg reported at the American Heart Association meeting in Atlanta that roughly one in eight Americans carries a gene that lets them eat large amounts of dietary cholesterol without adverse health consequences. He tested the theory by giving 23 of our medical students a four-egg-a-day diet. Students that carried the variant gene had virtually no change in their cholesterol, whole those with the "normal" gene averaged a 22-point jump after only three weeks.

If this gene does play a role in a person's response to dietary cholesterol, it may lead to a more individualized approach to preventing heart disease. It will help doctors tailor people's diets to their genes. This discovery was widely reported across the country and is of great interest to the egg industry.

If you will look at our executive summary, Mr. Chairman, or flip through Part VI of the document, you will see dozens of examples of important and exciting research underway that we could accelerate if the construction of the Nutrition Center is finished in the most expeditious manner.

While the shell of the building is almost complete, we now need to take the next step of installing the key infrastructure -- heating, air conditioning, ventilation, plumbing and electricity. To maintain the most efficient and cost-effective schedule, we need a FY 1995 appropriation of $22,187,340. If we can get those funds now, we have the chance of completing this project on schedule and within budget.

There is no doubt in our mind, Mr. Chairman, that the investment you and we are making in the Center will pay dividends many times over to the American people. We are all concerned about the cost of health care in America. Close analysis indicates that the major part of the cost is related to the treatment of chronic disease. The only sure way to bring down that cost, Mr. Chairman, is by preventing much of that disease from occurring in the first place. That is what we and our Nutrition Center are all about.

We invite you to read the Executive Summary and the 1994 Report to the Congress for more details about our work in Winston-Salem, which we would like to be inserted in the record of the hearing. We invite you and the committee to come to our Medical Center and talk to our scientists yourselves. We would be happy to respond to any questions that you may have.

W. G. (Bill) Hefner
March 22, 1994
Before the House Appropriations Subcommittee
on Rural Development, Agriculture and
Related Agencies

MR. CHAIRMAN AND MEMBERS OF THE SUBCOMMITTEE:

I want to thank the Subcommittee Members for your past support of the Cooperative State Research Service program and particularly your understanding and support of the Bowman Gray Center for Research on Human Nutrition and Chronic Disease Prevention.

The CSRS program has been targeted for significant cuts in the president's budget and these cuts are assumed in the House passed Budget Resolution which I did support. However, I believe we must be extremely careful about the decisions we make in the appropriations for these cooperative research efforts at our institutions of higher learning.

One can argue that this research could and should be picked up by the private sector. But will that be the case? I am concerned that not only would our safe and abundant food supply suffer from a withdrawal of Federal support, but the more important and vital research in human nutrition and disease prevention would sustain a much greater loss. This would be a tragedy and could result in much higher costs in health care as well as prices in agriculture products and other innovations for the wellbeing of mankind.

The Bowman Gray Nutrition Center is currently on schedule with previous appropriations from Congress and a bridge loan. However, for this project to stay on course and be completed by the opening date in 1996, it is essential that the amount of $22,187,340 be awarded in FY 95.

The next phase of construction is the all important infrastructure of the building -- heating, air conditioning, electricity and plumbing, etc. This cannot be done on a piecemeal basis so the full amount of funding is vital to the integrity of the project. We cannot afford to lose time in the completion of the facility to house what may prove to be the most important research effort ever undertaken in improving the health of our citizens.

I respectfully request the Subcommittee to consider the importance of this project and thank you for your support in a matter that is of extreme interest and concern to me. Thank you.

FT. PIERCE LABORATORY

WITNESS

HON. TOM LEWIS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. DURBIN. Tom Lewis of Florida is here. Welcome to testify. We have your statement.

Mr. LEWIS. Yes, sir, Mr. Chairman, I have a lengthy statement that I would like have your permission to include in the record.

Mr. DURBIN. It will be included in its entirety.

Mr. LEWIS. Thank you, sir.

Mr. DURBIN. Every jot and tittle, everything is there, it will all be there. Go ahead.

Mr. LEWIS. I'm glad to hear that. Mr. Chairman, I——

Mr. DURBIN. Excuse me, before we start, we have another retiring member here. We seem to have a run of retiring members here, but we're sure glad to have you, another friend of this subcommittee.

Mr. LEWIS. My last gasp and last effort, that sort of thing. [Laughter.]

Mr. DURBIN. Please proceed.

Mr. LEWIS. Thank you, Mr. Chairman. I appreciate the opportunity of appearing before your subcommittee, and to testify today on behalf of the relocation of the ARS horticulture research laboratory from Orlando to Fort Pierce, Florida.

I was originally scheduled to be accompanied by my colleague, Congressman Hastings from the 23rd District of Florida, but due to lengthy recuperation from major surgery, Congressman Hastings was unable to join me here today.

Mr. Chairman, both Mr. Hastings and I have written to the subcommittee requesting $15 million in construction funding for the relocation of the lab to Fort Pierce. Construction costs for this project are expected to be approximately $30 million, with construction slated to begin as soon as full funding has been appropriated by Congress, no sooner than fiscal year 1996.

Given the budgetary constraints faced by the subcommittee, we believe that an appropriation of half of the construction funds unencumbered, will insure the project remains on schedule, while removing the burden of the full amount for construction appropriation in fiscal 1996 which would be approximately $30 million.

Mr. Chairman, as you know, the current lab has been located in Orlando since 1952. Due to the extensive growth in the area, it finds itself situated on a four acre site surrounded by commercial buildings in the city cultural park.

The type of innovative research necessary for Florida's unique horticulture industry cannot be performed in this antiquated urban laboratory.

The proposed expansion of the research objectives at the relocated lab is especially important to Florida's horticulture industry as it looks toward the future. Increased competition through reasonable trade agreements such as NAFTA and multi-lateral trade agreements like GATT, will require that Florida remain at the forefront of horticulture research.

This relocation project will give ARS an opportunity to conduct that type of innovative research which will provide benefits worldwide.

In October of 1992, the USDA announced as Fort Pierce, it's final selection site for the relocated ARS lab. The 720 acre site will be leased at no cost from the University of Florida which has an adjacent research facility.

The selection of the Fort Pierce site which has the support of Florida's horticulture industry, met all the criteria set forth by the ARS.

Thanks to your leadership, Mr. Chairman, in August of 1993, the site selection process was reconsidered by Deputy Secretary Richard Rominger. Representatives from both sides of the—from both of the final sites under consideration were given the opportunity to present their case side by side before the subcommittee, Deputy Secretary Rominger and interested members of the Florida delegation.

As the previous secretary had done nine months previously, USDA once again selected the Fort Pierce site based upon its merit and its meeting of the ARS established criteria.

Mr. Chairman, I want to thank you for your leadership in bringing that chapter of this project to a close.

In closing, Mr. Chairman, the USDA remains fully committed to relocating the lab to Fort Pierce, and ARS has stated for construction to begin on this vital project, full construction funding must be appropriated.

Therefore it is my belief that to keep this project on track, and to relieve the subcommittee of an enormous financial burden in fiscal year 1996, a $50 million construction appropriation should be considered by the subcommittee this year.

Mr. Chairman, I thank you for your time and the time of the subcommittee, and also for your interest in this project.

Mr. DURBIN. Tom, since your testimony last year, I've been to Orlando and what you say is 100 percent accurate. The present research lab is located smack dab in the downtown section of Orlando.

Mr. LEWIS. True.

Mr. DURBIN. And the city fathers and mothers are anxious to see them leave. They want to use this piece of property for other purposes, and I'm sure the people who are working there want to move to a better location for their mission.

I had a chance to also take a look at the projected site at Fort Pierce, and it is a much more amenable site for agricultural research. We're going to try to come up with some money through ARS. They consider it a high priority. With the budget deficit restraint, it's going to be tough, but you are right on the money when it comes to the need for this facility.

Mr. Skeen.

Mr. SKEEN. Thank you, Mr. Chairman, and Congressman, I sure am sorry to see you retire, but I go back with this particular project right to the very beginning. Andy Ireland came to me and said we've got to do something about the citrus research facility in Orlando because the city fathers want the property. And then I found myself embroiled in a Florida sandwich between two opposing factions over there.

I hope this thing is worked out amicably for the entire delegation. I want to commend you on the work that you've done, and I think we went about it in the right way, and I think it's going to be a credit to Florida. It is doing the right thing for the industry.

So I want to commend you for the work that you've done, and I hope that you can bring all the sides together and everybody will wind up being friends down there.

Mr. LEWIS. I think we tried to do that when we had that meeting, but you know, some people just never say die. [Laughter.]

This thing, as you mentioned, Andy Ireland started it, and he retired and I got involved in it, and I retired, and now I will see Hastings is going to have it, so you know, it's wearing out Congressmen as quick as it can. [Laughter.]

Mr. SKEEN. Well, he is in the hospital getting fitted for this.

Mr. LEWIS. Yes, he's getting re-plumbed so he can handle this thing. [Laughter.]

Mr. SKEEN. Well, I just want to comment that I hope that the entire delegation has finally come together because I would hate to see a facility of this importance dividing them.

Mr. LEWIS. Well, we recognize——

Mr. SKEEN. You've done your share in trying to smooth this thing over, and you've done it right.

Mr. LEWIS. Thank you very much. I appreciate that.

Mr. SKEEN. I appreciate you. Thank you very much, Tom.

Mr. LEWIS. Thank you.

[The information follows:]

STATEMENT

of

THE HONORABLE TOM LEWIS

Of Florida

Before the

HOUSE APPROPRIATIONS SUBCOMMITTEE

ON

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION

AND

RELATED AGENCIES

Mr. Chairman, I appreciate having the opportunity to testify before the Subcommittee on behalf of the relocation the United States Department of Agriculture (USDA) - Agricultural Research Service (ARS) Horticultural Laboratory from Orlando, Florida to Fort Pierce, Florida. I was originally scheduled to be accompanied by my colleague, Congressman Alcee Hastings from the 23rd Congressional District of Florida, but due to a lengthy recuperation from major surgery Congressman Hastings was unable to join me here today.

Mr. Hastings has sent a letter in strong support of this project to the Subcommittee, and he has given me a copy of the letter to submit along with my testimony. The members of the Subcommittee are also aware of Mr. Hastings' support.

Mr. Chairman, as our letters to the Subcommittee state, we are requesting $15 million in construction funding for the relocation of the lab to Ft Pierce. Construction costs for this project are expected to be $30 million, with construction slated to begin as soon as full construction funding has been appropriated but no sooner than fiscal year 1996. Given budgetary constraints faced by the Subcommittee, we believe that an appropriation of half the construction funds this fiscal year will ensure the project remains on schedule and remove the burden of a full $30 million construction appropriation the next fiscal year.

Mr. Chairman, as you know, the Orlando research lab has been located at 2120 Camden Road since 1952. Due to the extensive growth in the area, the lab finds itself situated on a four acre site surrounded by commercial buildings and a city cultural park. The type of innovative research necessary for Florida's unique horticultural industry cannot be performed in this antiquated urban laboratory. This relocation project will give the ARS an opportunity to conduct this type of innovative research which will provide benefits world-wide.

This proposed expansion of the research objectives at the relocated lab is especially important to Florida's horticultural industry as it looks toward the future and the complex challenges that Florida agriculture faces. Increased competition through regional trade agreements such as NAFTA and multilateral trade agreements like GATT will require that Florida remain at the forefront of horticultural research to ensure that our products remain competitive on the world market.

The expansion of horticultural research in Florida will ensure that the state takes an innovative role in land and water management systems to protect the environment, biological controls of insects and plant pests, improved production systems for citrus, vegetable, nursery and ornamental crops, and more efficient marketing systems for all horticultural crops headed for domestic and expanding export markets. Subsequently, the research conducted at the relocated site will find applications world-wide.

In October of 1992, the USDA announced its final site selection for the relocated ARS lab in Fort Pierce. The 720 acre site will be leased at no cost from the University of Florida which has an adjacent research facility. The selection of the Fort Pierce site, which has the support of Florida's horticultural industry, met all the criteria set by the ARS.

Thanks to your leadership, Mr. Chairman, in August of 1993, the site selection process was reconsidered by Deputy Secretary Richard Rominger. Representatives from both of the of the final sites under consideration were given the opportunity to present the case for both the sites - side by side - before the Subcommittee, Deputy Secretary Rominger, and interested members of the Florida Congressional Delegation. As Secretary Madigan had done nine months previously, Deputy Secretary Rominger once again selected the Ft. Pierce site based upon its merit and its meeting of the ARS established criteria.

Mr. Chairman, I thank you for leadership on bringing that chapter of the project to a close so that we can move forward on this vital project.

Mr. Chairman, the USDA remains fully committed to relocating the lab to Ft. Pierce based on reevaluation of both the relocation criteria and subsequent assessment of their previous decision. ARS has stated that for construction to begin on this vital project a full construction funds must be appropriated. Therefore, it is my belief that to keep this project on track and to relieve the Subcommittee of that financial burden in fiscal year 1996, a $15 million construction appropriation should be considered by the Subcommittee this year.

Mr. Chairman, thank you again for the opportunity to testify on behalf of this project.

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16TH DISTRICT FLORIDA

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Congress of the United States
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Washington, DC 20515

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March 21, 1994

The Honorable Richard Durbin
Chairman
Subcommittee on Agriculture, Rural Development,
Food and Drug Administration and Related Agencies
of the Committee on Appropriations
2363 Rayburn House Office Building

Dear Chairman Durbin:

I am writing today in support of $15 million in construction funding for the relocation of the United States Department of Agriculture (USDA) - Agricultural Research Service (ARS) Horticultural Research Facility in Orlando, Florida to Fort Pierce, Florida.

Relocation of the Orlando ARS laboratory is vital to the research needs of Florida's diverse $4.31 billion horticultural industry. Efforts to relocate the current lab, currently situated on a four acre site in downtown Orlando have been underway since 1986. The current lab, built in 1952, is now surrounded by commercial buildings, rendering it unable to provide the level of horticultural research necessary to meet Florida's growing needs.

As you know, in October of 1992, the USDA announced the 720 acre site in Ft. Pierce, Florida as the final site selection for the relocated ARS facility. Thanks to your leadership, in August of 1993, that site selection process was reconsidered by Deputy Secretary Richard Rominger. Upon reevaluation of the criteria used to previously select the Ft. Pierce site, Deputy Secretary Rominger reaffirmed the decision to relocate the lab in Ft. Pierce.

Construction costs for this project are expected to be $30 million, with construction slated to begin as soon as full construction funding has been appropriated but no earlier than fiscal year 1996. Given budgetary constraints faced by the Subcommittee, I believe that an appropriation of half of the construction funds this fiscal year will ensure the project remains on schedule and remove the burden of a full appropriation in fiscal year 1996.

Mr. Chairman, I thank you for your leadership on this issue and your attention to this request.

Sincerely,

Tom Lewis

Tom Lewis
Member of Congress

cc: Subcommittee Members

ALCEE L. HASTINGS
23D CONGRESSIONAL DISTRICT,
FLORIDA

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March 17, 1994

The Honorable Richard Durbin, Chairman
Subcommittee on Agriculture, Rural Development,
Food and Drug Administration and Related Agencies
2363 Rayburn House Office Building
Washington, DC 20515

Dear Mr. Chairman:

I am writing in support of $15 million in construction funding for the relocation of the United States Department of Agriculture (USDA) - Agricultural Research Service (ARS) Horticultural Research Facility in Orlando, Florida to Fort Pierce, Florida.

Relocation of the Orlando ARS laboratory is vital to the research needs of Florida's diverse $4,31 billion horticultural industry. Efforts to relocate the current lab, currently situated on a four acre site in downtown Orlando have been underway since 1986. The current lab, built in 1952, is now surrounded by commercial buildings, rendering it unable to provide the level of horticultural research necessary to meet Florida's growing needs.

As you know, in October of 1992, the USDA announced the 720 acre site in Ft. Pierce, Florida as the final site selection for the relocated ARS facility. Thanks to your leadership, in August of 1993, the site selection process was reconsidered by Deputy Secretary Richard Rominger. Upon reevaluation of the criteria used to previously select the Ft. Pierce site, Deputy Secretary Rominger reaffirmed the decision to relocate the lab in Ft. Pierce.

Construction costs for this project are expected to be $30 million, with construction slated to begin as soon as full construction funding has been appropriated but no earlier than fiscal year 1996. Given budgetary constraints faced by the Subcommittee, I believe that an appropriation of half of the construction funds this fiscal year will ensure the project remains on schedule and remove the burden of a full appropriation in fiscal year 1996.

Mr. Chairman, I thank you for your leadership on this issue and your attention to my request.

Sincerely,

Alcee L. Hastings

Alcee L. Hastings, MC

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E.R. SMITH, JR.
Vero Beach

March 4, 1994

Honorable Richard J. Durbin
129 Cannon House Office Building
1st and Independence Avenue, S.E.
Washington, D.C. 20515

Dear Congressman Durbin:

On behalf of the Indian River Citrus League, a trade association representing 1600 growers in the world famous Indian River citrus district, we respectfully request your support of the funding for the USDA/ARS Horticultural Research Lab in Fort Pierce, Florida.

As you are aware, the USDA has set aside planning money out of the 1994 budget to commence the relocation of this lab from Orlando to Fort Pierce. We respectfully request your support of Congressman Tom Lewis' request for 50% of the $30 million necessary to build this important lab out of the 1995 budget. NAFTA, GATT, and future Cuban, Chilean and other trade agreements will all impact the fresh fruit and vegetable industries in the Peninsula of Florida, and the research that precipitates from this lab will keep the economy of the citrus industry, which is the number two industry in the State of Florida, strong and healthy into the foreseeable future.

Thus, please join our 1600 growers, thirty-four affiliated packing houses, and five processing plants on the east coast of Florida in support of a funding of this vital project.

Sincerely,

Douglas C. Bournique

Douglas C. Bournique,
Executive Vice President

DCB:ab

EMERGENCY FOOD ASSISTANCE PROGRAM (TEFAP)

WITNESS

BARTON K. FEINBERG, FOOD BANK OF CENTRAL NEW YORK

Mr. SKEEN. Mr. Barton Feinberg, Food Bank of Central New York. I should have you announce this.

Mr. FEINBERG. You did just fine.

Mr. SKEEN. Did I do fine?

Mr. FEINBERG. Yes, you got it correct. I go by Bart.

Mr. SKEEN. All right, Bart.

Mr. FEINBERG. Good afternoon.

Mr. SKEEN. Good afternoon to you.

Mr. FEINBERG. I will catch you up on some of your time here because my testimony is fairly brief and to the point.

Mr. SKEEN. Your full testimony will be entered in the record.

Mr. FEINBERG. Right. Thank you very much. Thank you for the opportunity to come before you and give testimony to the impact of the emergency food assistance program, TEFAP, on the millions of people that food banks serve nationwide, particularly the people who are served by the Food Bank of Central New York.

I would like to present the history of TEFAP as it pertains to the Food Bank of Central New York.

In 1988, the Food Bank Federation of New York State began discussions with the state's bureau of donated foods to have regional food banks assume the administration and operations of TEFAP.

There were two goals that the bureau of donated foods wanted to achieve. The first was to distribute, in a timely fashion, vast amounts of surplus commodities that had accumulated in commercial storage over the past few years.

The second was to provide the commodities in a way that avoided having people wait in long lines once a month for a mass distribution of food.

The food banks were the perfect vehicle to accomplish this. Storage was available and the means of distribution of commodities through the emergency food network were already in place. Our idea was to provide TEFAP commodities through this vast network, so that the process would be much more efficient, and not as dehumanizing as mass distributions have been historically.

The food banks were already monitoring food distribution sites to ensure that they were in compliance to receive food through the food banks. When the Food Bank of Central New York assumed the administration of TEFAP, commodities became available on an as-needed basis to approximately 300 sites in our eleven county service area.

This compared to 44 mass distribution sites that would operate once a month in our service area previously.

During 1993, the Food Bank of Central New York distributed over 2,384,392 pounds of TEFAP commodities to over 600,000 individuals in our eleven county service area.

These highly nutritious products that consist of fruits, vegetables, juices, grains and meats represented 23.5 percent of all products distributed by the Food Bank of Central New York. This percentage is the norm across the country.

Food banks, Second Harvest National Network, food research and action center, and a consortium of other organizations have worked hard over the years to have legislation passed like the Mickey Leland bill.

This is critical in helping people to access food through a more dignified means. Federal programs such as food stamps, the school lunch and breakfast summer food service, and nutrition education are all pieces of a puzzle that, once put together, provide food security.

Until greater food security is attained, we must not forget the growing number of people in every community of this country that rely on emergency food assistance.

TEFAP commodities are essential in providing well-rounded nutritious packages of food. These packages of food are supplemented by the usual array of donated products that food banks receive with limited amounts of purchased products to provide a total package.

I appear before you today on behalf of the millions of people that find it necessary to visit a pantry site or soup kitchen, to request that the funding for the purchase of TEFAP commodities be restored to at least its current level of $80 million as proposed by the House budget committee.

My ultimate dream would be for food banks to be out of business due to the lack of need, not due to a lack of food. Now is not the time to cut TEFAP, the most valuable program in alleviating the pains of hunger in our communities.

Thank you for your time. I would be willing to answer any questions that you may have. I guess the one other thing that I would like to add though, is that the TEFAP program, it doesn't matter what community across the United States, where it is located across the United States, it exists everywhere, so it is not like it's good for this region and not good for this region.

It's good across for everyone on the whole. I would just like to add that.

Mr. DURBIN. Mr. Skeen.

Mr. SKEEN. I have no questions, Mr. Feinberg, but I want to commend you on the work that you do because the TEFAP program has worked very well, in New York, as well as in New Mexico and other more rural states.

Mr. FEINBERG. Yes.

Mr. SKEEN. Appreciate the work that you're doing.

Mr. FEINBERG. Thank you, Mr. Skeen.

Mr. DURBIN. Mr. Walsh.

Mr. WALSH. Thank you, Mr. Chairman. I would like to thank Bart not only for his testimony, but for the work that he performs in Central New York.

I had the pleasure of working with Mr. Feinberg back home in Syracuse. He operates out of an even larger area than I do, and I just would like my colleagues to know what a fine, dedicated individual he is, and what an important service the food banks provide to the people that I represent here in the Congress.

I think you are aware of the concern that I've expressed before about the proposed ending of the TEFAP food distribution program.

I'm very concerned about it, and I am really glad that you are here today, Bart, to bear witness to that.

You mentioned that the emergency food program provides about 23.5 percent of the product that is distributed. Where does the rest of that come from, and would it come if we didn't have the TEFAP program to supplement it?

Mr. FEINBERG. Well, actually that represents such a large percentage of the products that we do distribute. The rest of the products come through donated products that we receive through the Second Harvest Network of food banks.

The rest we make up by purchasing products from manufacturers, distributors, whatever, growers. We purchase, the Food Bank of Central New York, we purchase approximately $2 million worth of food a year now to supplement the lack of donated commodities that are coming across.

So if in fact the TEFAP is cut and those commodities are not made available to us, we'll have to go out and of course try to find funding through whatever means to purchase commodities to add to those packages that we are providing to the agency.

Mr. WALSH. Do you think it will be possible, if this program is eliminated, will it be possible to maintain that very extensive system network that you have in food banks?

Mr. FEINBERG. Actually, we would not be able to maintain it as well as we are right now.

Right now, with the cut from last year's federal fiscal funding from $165 to a total of $120, we've experienced a lot of letters, a lot of calls from individuals, from pantry sites, people looking for these products.

We no longer have vast storage of commodities on hand. We used to have an array of maybe ten to twelve different commodities to distribute. We are lucky if we have three, four tops at a time now, just due to the cut from last year.

So a cut this coming year would be disastrous to that program, to what we do.

Mr. WALSH. Do people who come to the food bank, are they receiving public assistance or is there any other common thread?

Mr. FEINBERG. There is certain criteria that individuals need to meet to access TEFAP commodities and other commodities that we provide through our agencies.

Now, we deal directly with close to approximately 600 agencies in upstate New York. Three of those agencies we provided close to 8½ million meals last year. The individuals that come to these agencies have to be, the rule of thumb is 185 percent above the poverty level, as is with WIC and other type programs.

So those are the types of individuals that are coming to these sites, and of course, a large make-up, we are seeing an increase in women and children, single moms with families coming to pantry sites and soup kitchens, and that's true across the United States at this time.

Mr. WALSH. You probably haven't seen the budget plan yet, and we can make it available to you, but if you have, is there anything in there that you see that takes up the shortfall that those folks are going to experience if the TEFAP program goes away?

Mr. FEINBERG. I really haven't seen, I haven't seen the budget plan, so I couldn't comment on that.

Mr. WALSH. All right. Well, I would ask you to help us take a look at that and see if there's anything in there that you think can help.

Mr. FEINBERG. I would appreciate that.

Mr. WALSH. I would just end by reiterating my really serious concern about the loss of that nutrition source to all of our constituents, and that I think we really need to get our heads together before we come to closure on this budget to see what we can do to fill that void, if indeed, we are going to create a void.

Thank you very much for coming, Bart. Thank you, Jim.

Mr. DURBIN. Mr. Feinberg, I'm sorry I missed most of your testimony, but I would like to ask you a question. We have an array of federal feeding programs.

Mr. FEINBERG. Yes.

Mr. DURBIN. Which may begin before birth, the WIC program.

Mr. FEINBERG. Right.

Mr. DURBIN. And continue on with food stamps through the later stages of life, and we step in at various points in the life of a person at 185 percent of poverty or below, and help feed the family or feed the person.

Obviously with WIC, the school lunch program, with the efforts that you've described through food banks and others, based on your experience in this area, I would like to know if you think there is an area where we are duplicating or overlapping in our current programs, and where we are under-funding a program that should be funded with more resources.

Obviously you think the TEFAP program is one that should be funded with more resources. Do you see any overlap now or inconsistency in the other feeding programs for a family?

Mr. FEINBERG. Well, actually, the Food Bank of Central New York, we are a sponsor of the summer food service program during the summer. This was our first year, and so we have had some experience with that.

To me, that program itself is under-funded because we could reach additional individuals, additional children that are eligible for school breakfasts and school lunch during the school year.

At this time, I really don't see an overlap in the various programs where we could basically cut a little bit here, or a little bit there. I would hate to pit the food stamp program against the TEFAP program.

Nutrition education is a very important piece but we have to make sure that the people are receiving adequate nutrition. It really doesn't help if we promote other types of education, nutrition education, if children especially are going to school malnourished, not able to retain, and that in fact is where the school breakfast and school lunch program comes in.

So at this point, I don't really see any overlap. At some point down the road, sure, I would love to be able to say well, we could cut back on the TEFAP program because people are able to access food through the normal channels.

Mr. DURBIN. Thank you very much. We appreciate your testimony.

Mr. FEINBERG. Thank you.

[The information follows:]

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OF CENTRAL NEW YORK

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TESTIMONY FOR THE IMPACT OF
THE EMERGENCY FOOD ASSISTANCE PROGRAM
Bart Feinberg
March 22, 1994

Thank you for the opportunity to come before you and give testimony to the impact of The Emergency Food Assistance Program (TEFAP) on the millions of people that food banks serve nationwide, particularly the people who are served by the Food Bank of Central New York. I would like to present the history of TEFAP as it pertains to the Food Bank of Central New York.

In 1988, the Food Bank Federation of New York State began discussions with the state's Bureau of Donated Foods to have regional food banks assume the administration and operations of TEFAP. There were two goals that the Bureau of Donated Foods wanted to achieve. The first was to distribute, in a timely fashion, vast amounts of surplus commodities that had accumulated in commercial storage over the past few years. The second was to provide the commodities in a way that avoided having people wait in long lines once a month for a mass distribution of food.

The food banks were the perfect vehicle to accomplish these goals. Storage was available and the means of distribution of commodities through the emergency food network were already in place. Our idea was to provide TEFAP commodities through this vast network, so that the process would be much more efficient and not as dehumanizing as mass distributions have been historically. The food banks were already monitoring food distribution sites to insure that they were in compliance to receive food through the food banks. When the Food Bank of Central New York assumed the administration of TEFAP, commodities became available on an as needed basis to approximately 300 sites in our eleven county service area. This compared to 44 mass distribution sites that would operate once a month in our service area.

During 1993, the Food Bank of Central New York distributed 2,384,392 pounds of TEFAP commodities to over 600,000 individuals. These highly nutritious products that consisted of fruits, vegetables, juices, grains and meats represented 23.5% of all products distributed by the Food Bank of Central New York. This percentage is the norm across the country.

Food banks, Second Harvest National Network, Food Research and Action Center, and a consortium of other organizations have worked hard over the years to have legislation passed like the Mickey Leland Bill. This is critical in helping people to access food through a more dignified means. Federal Programs such as Food Stamps, the School Lunch and Breakfast Summer Food Service, and Nutrition Education are all pieces of a puzzle that, once put together, provide food security. Until greater food security is attained, we must not forget the growing number of people in every community of this country that rely on emergency food assistance.

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My ultimate dream would be for food banks to be out of business due to a lack of need not due to a lack of food. Now is not the time to cut TEFAP, a most valuable program in alleviating the pains of hunger in our communities.

Thank you for your time. I would be pleased to answer any questions that you may have.

BIOTECHNOLOGY CENTER AT NORTHWESTERN

WITNESS

ARNOLD R. WEBER, PRESIDENT, NORTHWESTERN UNIVERSITY

Mr. DURBIN. Our next witness is the president of Northwestern University, Dr. Arnold Weber.

Welcome.

Mr. WEBER. Thank you. Mr. Chairman, members of the subcommittee, thank you for permitting me to submit this testimony describing our proposal for continued support of Northwestern's biotechnology center facilities project.

I have previously discussed before the subcommittee the details of our proposal which was submitted to and approved by the USDA cooperative state research service through a merit review facilities study.

In brief, Northwestern proposed that the Federal Government enter a partnership with the university by providing grants for $12 million, or approximately half of the $24.4 million project cost to construct and renovate biotechnology facilities on Northwestern's Evanston campus.

Let me express my appreciation for the past grants supported by the committee of approximately $1.8 million over the last four years. Today I would like to provide you with a brief update on this project and to urge that you complete the remaining federal portion of the project costs for approximately $10 million during the three year period from 1995 to 1997.

The purpose of Northwestern's biotechnology center facilities project is to provide a state-of-the-art environment for biotechnology research, training, and technology transfer.

In the intervening four year period, the center has become a flourishing scientific enterprise. The following are some examples of recent advances in biotechnology research at Northwestern.

One, influenza continues to be a disease with major economic implications for our nation's poultry and livestock industries. Professor Lamb has determined the precise biological reactions for the one drug currently available to fight the flu virus in animals, enabling the rational design of improved variants of this drug.

Second, a collaboration between two professors has revealed a previously unrecognized compartment in animal cells that enables the immune system to recognize foreign proteins. This is an essential step in warding off viral and bacterial disease.

Third, two additional professors working independently, have each made fundamental discoveries on the workings of p53, a specific protein compound. Since this protein is a key regulator of cellular proliferation, an understanding of its action is important in improving animal growth and productivity.

In addition, Northwestern has produced significant research developments in training advanced students for industry and research.

A year ago I reported that the first students had enrolled in a new masters program in biotechnology. During this past year, the university has received a grant from the NIH to initiate a Ph.D. program in biotechnology, building on our expertise in this area.

Since the awarding of NIH training grants is highly competitive, institutions that compete successfully for these grants are recognized as the premiere research and training environments in the country.

Finally, the transfer of biotechnology discoveries at Northwestern is accomplished in several ways, including the publication of research results, the education of students who are trained through internships at industry laboratories and then hired by corporations, and the sponsorship of meetings that promote industry/university interaction.

One such meeting is a recent symposium on the uses of biomass conversion, that is the conversion of organic waste like agricultural byproducts into some useful form, and bioremediation, that is the use of biological organisms to dispose of manmade waste.

This symposium is only one aspect of a major effort at the biotechnology center to lead regional efforts in biomass conversion, and bioremediation.

The progress that we have made in such research, training and technology transfer is exciting. The university is committed to continuing our efforts in this area. We have worked closely with the USDA during the past four years to implement this government/university partnership which has lead to partial funding and partial completion of the facilities project.

We are aware, of course, of the budgetary constraints facing the subcommittee. However, given the rapid pace of biotechnology worldwide, and the fact that this project is up and going, we ask that you complete the remaining federal portion of the project funding over the next three years.

I thank you very much for your consideration, Mr. Chairman.

Mr. DURBIN. Thanks, Dr. Weber. Can you tell me what kind of cooperative effort is going on through this facility with other federal agencies like the Agricultural Research Service or the National Institutes of Health?

Mr. WEBER. Well, many of our projects that we get are funded by the NIH, for example the one on the flu virus, as I recall, draws on funding from the NIH, and beyond that, the Howard Hughes Institute, so it pulls in funding from foundations, funding from federal agencies.

Mr. DURBIN. Do you know of any specific link with the Agricultural Research Service?

Mr. WEBER. Again, the one on influenza, they have been working on particularly poultry, and one of our post-docs has recently joined the faculty in this area at the University of Arkansas.

Mr. DURBIN. Mr. Skeen?

Mr. SKEEN. Thank you, Mr. Chairman. Doctor, there is just one question I would like to ask. We've done a lot of work in biotechnology.

Mr. WEBER. Right.

Mr. SKEEN. Almost every institution that we talk to is interested in the field, and so forth. Is there an overall plan, whether it's ad hoc, or whatever, that is looking into just where everybody's going on biotechnology? Is there any coordination?

Mr. WEBER. Well, I think the coordination comes out of the funding agencies. Obviously the NSF and the NIH——

Mr. SKEEN. That's a heck of a way to coordinate.

Mr. WEBER. And there is also——

[Laughter.]

Mr. WEBER. I will let that whistle past my ears. The results are a consortium within the Midwest on plant biotechnology.

I would say that our unique angle of approach in this area is that we are emphasizing basic research.

Mr. SKEEN. Yes, sir.

Mr. WEBER. The research deals, as I indicated, with proteins, the property of genetic transformation, and they sort of go up the research chain to particular applications, specifically to agriculture.

Mr. SKEEN. When you say this has been driven mostly by the funding, but I would think that that would be the worst way that we could do it.

I would rather see scientific groups working together because funding can be capricious.

Mr. WEBER. Well, they do, and also industry has played a significant role.

Mr. SKEEN. I'm sure it has.

Mr. WEBER. Because to the extent that you develop collaborative relationships with particular corporations that are interested in agriculture, drugs, things of that nature, they will have a coordinator function.

But you know, research in this country, begins in the first instance with the curiosity of the researcher.

Mr. SKEEN. Sure.

Mr. WEBER. And there is a matching that goes on in this market between the curiosity and the competence of the researcher, and then the funding requirements. In some instances, the university provides very generous funding, particularly in terms of supporting graduate students which at our institution, we spend $28 million a year, and a very large fraction of that goes into the sciences, and particularly the life sciences, and that's the skilled manpower in those enterprises.

Mr. SKEEN. Well, is there a lot of discussion that goes on, or communication in the discipline between all the various——

Mr. WEBER. Yes, there are at the conventions, you know, in the disciplines.

Mr. SKEEN. When you get together.

Mr. WEBER. Such as molecular cellular biology, and now structural biology—just a very explosive field.

Mr. SKEEN. Absolutely.

Mr. WEBER. And at this point, it hasn't had the discipline and definition that you find in some of the traditional areas like physics where you can talk about high energy and condensed matter.

This field has just exploded in the last 20 years, and I think the really exciting dimensions of it is the development of applications to particular industries, and agriculture is clearly a principal focus.

Mr. SKEEN. One last question. Is there a great deal of overlap or duplication?

Mr. WEBER. Well, I suspect there is. If you looked at the universe of research that are taking place, there is overlap, but at a particular stage of development in science, that's a good thing.

Mr. SKEEN. Sure.

Mr. WEBER. Because you get the verification and the cross-fertilization. Later on, when you develop new principles, for example, think of the overlap which took place just at the early stage of the discovery of DNA, and that was 30, 35 years ago.

Well, that has progressed quite a bit, and you now have research that is more specifically focused, and if there's any task that the government agencies, funding agencies could do well, it is to establish some discipline and order since so many of these projects require external funding, given their expense.

Mr. SKEEN. That was my concern, is are we putting the money where it will do the most good, and we are not tracking over our own field, so-to-speak.

Mr. WEBER. Yeah. I think that's right in all cases, and I often worry about the same thing at the university, if we are spending million of dollars, and where do you place your bet?

In part, you are trying to use your best judgment, and in the long run, support the best people.

Mr. SKEEN. I thank you for that input.

Mr. WEBER. Thank you.

Mr. SKEEN. Thank you, Mr. Chairman.

Mr. DURBIN. Mr. Walsh?

Mr. WALSH. No questions.

Mr. DURBIN. Dr. Weber, thanks for joining us, and I might add for the record that this is your last year as president of Northwestern University. It seems to be a trend this morning in the first hour of testimony. [Laughter.]

But we thank you very much for joining us today. We will do our best to help you. I might tell my colleagues on the subcommittee that Dr. Weber, when I first met him, gave me a piece of sage advice which I may not state this exactly the way you said it, but you said never accept a gift that eats.

Mr. WEBER. That's correct.

Mr. DURBIN. That's a good principle.

Mr. WEBER. It is the first rule of a president. I might comment, I was listening to the observation of several congressman retiring, and I was thinking there are certain parallels between the life of a university president and a congressman, except that you don't have a football team.

Mr. DURBIN. That's right. [Laughter.]

Thanks for joining us.

Mr. SKEEN. Sometimes we are. [Laughter.]

Mr. DURBIN. Thank you.

Mr. WEBER. Thank you.

Mr. SKEEN. Thank you, Doctor.

Mr. WEBER. I appreciate it.

[The information follows:]

STATEMENT ON THE BIOTECHNOLOGY CENTER FACILITIES PROJECT

ARNOLD R. WEBER, PRESIDENT
NORTHWESTERN UNIVERSITY

TESTIMONY BEFORE THE HOUSE APPROPRIATIONS
SUBCOMMITTEE ON AGRICULTURE, RURAL
DEVELOPMENT, FDA, AND RELATED AGENCIES

MARCH 22, 1994

Mr. Chairman and Members of the Subcommittee, thank you for inviting me to submit this testimony describing our proposal for continued support of the Biotechnology Center Facilities Project at Northwestern University. I have previously discussed before this Subcommittee the details of our proposal, which was submitted to and approved by the U.S. Department of Agriculture (USDA) Cooperative State Research Service (CSRS) through a merit-reviewed facilities study. In brief, Northwestern proposed that the Federal Government enter a partnership with the University by providing grants for $12 million, or approximately half of the $24.4 million project cost to construct and renovate biotechnology facilities on Northwestern's Evanston Campus. Let me express my appreciation for the past grants supported by the Subcommittee of $50,000 in FY 91, $582,000 in FY 92, $501,490 in FY 93, and $809,950 in FY 94. Today, I would like to provide you with a brief update on this project and urge that you complete the remaining federal portion of the project cost, or approximately $10 million, during the three-year period of FY 95-97.

When fully completed, Northwestern's Biotechnology Center Facilities Project will provide a state-of-the-art environment for biotechnology research, training, and technology transfer. Although we are still in the formative years of biotechnology, the power and potential of this discipline are already clear. Through biotechnology, researchers at Northwestern University are characterizing the genetic basis for plant and animal growth and productivity, identifying new growth factors and novel hormones, preventing viral and bacterial infections and disease, and degrading hazardous wastes that pollute our environment. The timely completion of the Northwestern facilities project will have a major impact on the continued growth and vitality of biotechnology, since it will enable us to continue our strong commitment to developing the ideas, materials, and personnel essential for the next generation of discovery. According to the review panel, "this is an important facility, which has the potential to increase the capacity at Northwestern University for research discoveries that could have a significant, long-term impact on U.S. agriculture." Therefore, we wish to continue working in partnership with the Congress and the USDA to see this project to an imminent and successful conclusion.

Several developments within the past year highlight our growth and success in the area of biotechnology. One of the most significant events is the establishment at Northwestern of a doctoral level training program in biotechnology funded by the National Institutes of Health (NIH). This program was formally initiated in September 1993 and is already attracting highly qualified students from nationally recognized universities. The awarding of NIH-sponsored training grants is very competitive, and those institutions that compete successfully for these grants are recognized by the nation's scientists as the premier research and training environments in the country. Thus, this training grant award recognizes the strength of our biotechnology faculty and the research and curricular opportunities for students at Northwestern. For this particular training program, the award also attests to the productive interactions between Northwestern and the biotechnology industry. By bringing university and industry scientists closer together, this training program will promote the transfer of technologies from the basic to the applied research laboratory. This program will also provide students with a thorough preparation for research positions in biotechnology, thereby helping to maintain the preeminence of the United States in the worldwide biotechnology industry.

The biotechnology doctoral training program includes faculty from five departments in the School of Engineering and in the College of Arts and Sciences, who are indicative of the broad spectrum of research areas under the biotechnology umbrella at Northwestern. The training of predoctoral students in biotechnology in a program spanning several departments has served as a catalyst for the overall reorganization of graduate training in the life sciences at Northwestern. Since we recognize that the best training for students in the life sciences today is multidisciplinary, both in the classroom and in the laboratory, we have initiated a new and inclusive Doctoral Program in the Life Sciences which spans many departments and fields, and which includes biotechnology as one of its major disciplines. Our proposal for the renovation and construction of research and training facilities for the general area of biotechnology, rather than for a specific department, thus fits in perfectly with our aim of integrating many life science disciplines into the most current program of training and research.

Training in biotechnology at Northwestern is not restricted to the Ph.D. level. Two years ago we created a Master's Program within the Center for Biotechnology, which enrolled eleven students in its first year and twenty-one more students this year. These students have come to Northwestern from states throughout the country, as far away as California, Mississippi, New York, Texas, and Washington. The Ph.D. and master's programs in biotechnology provide important bridges between academia and industry by having students conduct part of their research in industry laboratories. In the past year, the Biotechnology Center has also contributed to technology transfer by sponsoring several innovative meetings that promote industry-university interaction. The Center joined with the McCormick School of Engineering to host one program in a series entitled, *Technology Reviews: Executive Briefings for Managers,* which involved faculty presentations on biotechnology to executives from a variety of companies. The Center also organized a *Research in Business* mini-course, in which members of the pharmaceutical industry addressed Northwestern students and faculty. Most recently, the Center sponsored a symposium on the uses of biomass that included talks from scientists in both the private and public sectors. This last symposium represents only one facet of a major, ongoing effort within Northwestern's Biotechnology Center, which was funded by the Consortium for Plant Biotechnology Research to lead regional efforts in biomass conversion and bioremediation.

The varied activities of the Center testify to its unique role at Northwestern. The Biotechnology Center is the only organization that brings together the College of Arts and Sciences basic life science departments, the McCormick School of Engineering, the Kellogg School of Management (which has been ranked as the top business school in the country for several years), and the clinical and research programs in the McGaw Medical Center. In addition, the Center connects these groups to the nation's biotechnology companies and government agencies. For example, the success of the Northwestern Biotechnology Center has led to the recent appointment of the Center Director to the Illinois Working Group on Biotechnology, a panel that advises the Governor on biotechnology.

In addition to the significant steps that we have taken to enhance biotechnology training and industry-university interaction, Northwestern continues to make great strides in the biotechnology research discoveries of today. A few of these recent advances are listed below:

- Influenza continues to be a disease with major economic implications for our nation's poultry and livestock industries. Robert Lamb has unveiled the mechanism of action for the one drug currently available to fight the flu virus,enabling the rational design of improved variants of this drug.
- A collaboration between Sue Pierce and Angela Wandinger-Ness has revealed a previously unrecognized compartment in animal cells that enables the immune system to recognize foreign proteins. This is an essential step in warding off viral and bacterial disease.
- Barbara Wu and Lou Laimons, working independently, have each made fundamental discoveries on the workings of p53. This protein is a key regulator of cellular proliferation, and therefore an understanding of its action is essential in improving animal growth.
- Genetic improvements in plants and animals will have no consequence unless that information can be read and acted upon within the appropriate cells. Alfonso Mondragon has recently unraveled a key step in how the genetic material is physically twisted and untwisted to display its information.

Another development worthy of mention is the research collaboration between the Biotechnology Center and Abbott Laboratories to carry out research on Alzheimer's disease, which is funded by the National Institutes of Health. Finally, a major step in Northwestern's efforts in bioremediation (i.e., the use of microorganisms to dispose of waste) is the recent hiring of Bruce Rittman as the John Evans Professor of Civil Engineering, one of the world leaders in the biodegradation of hazardous compounds.

The progress that we have made in biotechnology training and research is exciting, and Northwestern University is committed to continuing our efforts in this area. The potential importance of our efforts for the nation as a whole motivated us to submit this proposal for a partnership between Northwestern and the federal government. The value of this work and the quality of our program led the CSRS external review panel to recommend this proposal for full funding. We have worked closely with Congress and with the USDA during the past four years to implement this partnership, which has led to partial funding and partial completion of the facilities project. I am aware of the budgetary constraints facing the Subcommittee. However, given the rapid pace of biotechnology worldwide, and the expected impact of this endeavor on the welfare of the country, we urge that you complete the federal portion of the project funding over the next three fiscal years at the suggested rate of approximately $3.33 million per year. Thank you for your consideration.

POTATO RESEARCH

WITNESS

JEFFREY RAYBOULD, VICE PRESIDENT, LEGISLATIVE/GOVERNMENT AFFAIRS, NATIONAL POTATO COUNCIL

Mr. DURBIN. The next witness is Jeffrey Raybould of the National Potato Council.

Thanks for joining us, Mr. Raybould. We will make your statement part of the record, and if you would like to highlight some points, we'd appreciate it.

Mr. RAYBOULD. Okay. Thank you, Mr. Chairman and members of the committee. I will be giving a summary.

I am Jeff Raybould. I'm a potato farmer from Idaho and current vice president of legislative and government affairs for the National Potato Council.

The council is the only trade association representing 10,500 commercial potato growers in 50 states. On behalf of the council, we thank you for funding part of our national research proposal, and we look forward to working with you to expand funding in fiscal year 1995.

Excuse me.

We believe that increased funding of $300,000 specifically for varietal development is important, and would allow for continued development of critical research to lower the use of pesticides in potato production.

Potato growers recognize that in order to remain a viable and competitive industry, we must constantly strive to improve production, efficiency and market quality while reducing the use of pesticides.

Through carefully planned research, we believe we can continue to offer an excellent, high value product and maintain a viable and competitive U.S. industry.

As you will recall, the national potato research proposal was a culmination of an intensive effort begun in 1984 between the National Potato Council and ARS to identify national priority research issues of concern to the potato industry.

Based on these identifiable research needs, the national potato research proposal received initial funding for ring rot diseases, early dying disease, marketing, aphids, potato beetle, and varietal development.

This year, additional funding of $300,000 in variety development is needed and would be effectively utilized. These funds would be used to better integrate existing state and ARS potato breeding programs.

Several states have individual breeding programs for their own states and ARS has breeding programs in Washington, Idaho, Maryland and Maine.

These funds would be used to exchange and share newly created potato germ plasm with resistance to insect and disease pests and to provide continued funding for use of gene transfer systems for specific pest tolerant genes.

State and federal breeders alike are seeking ways to develop new varieties with greater pest tolerance. We believe this investment would provide a substantial return for both agriculture and consumers.

The monies provided to the ARS have been greatly appreciated and the potato growers are starting to see results from this research program. We are getting research results back to the producer by having researchers report their progress at seminars, and by making available to the potato industry a written summary of all research underway. A copy of the latest summary has been provided to the subcommittee.

It is important to note that representatives of the council have held annual meetings with ARS officials, the most recent in December of 1993, to discuss the distribution and use of research funds.

The council is particularly pleased with the tremendous efforts put forth by ARS to ensure that the research conducted is meaningful and addresses industry problems in the most thorough, expeditious and cost-effective manner. The council looks forward to continuing its close partnership with ARS to maximize the use of these important funds as this subcommittee has directed.

The council is also concerned over the budget proposal to close the ARS potato research facility at East Grand Forks, Minnesota which is currently funded at $960,300.

The council will continue to work closely with USDA to oversee this research and will report periodically to the Congress on the progress of the research.

We sincerely thank your subcommittee for its generous support of this vitally important research. We would be happy to answer any questions you might have.

Mr. SKEEN. Thank you, Mr. Raybould. We recently passed a supplemental dealing with potatoes in Maine.

Mr. RAYBOULD. Yes.

Mr. SKEEN. The blight.

Mr. RAYBOULD. Yes, I understand there was an additional appropriation to deal with the late blight disease that has infested Maine and several other growing areas.

Mr. SKEEN. It is not common throughout the whole potato growing areas.

Mr. RAYBOULD. It has the potential. We haven't seen it out in the West as much as they have in the Midwest and here in the East.

Mr. SKEEN. In the east. Thank you. Mr. Walsh?

Mr. WALSH. I have no questions, Mr. Chairman.

Mr. SKEEN. We thank you for your testimony, Mr. Raybould.

Mr. RAYBOULD. Thank you.

[The information follows:]

BEFORE THE SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FDA, AND RELATED AGENCIES OF THE HOUSE COMMITTEE ON APPROPRIATIONS

THE NATIONAL POTATO RESEARCH PROPOSAL

STATEMENT OF THE NATIONAL POTATO COUNCIL

Good morning Mr. Chairman and Members of the Subcommittee. My name is Jeffery Raybould. I am a potato farmer from Idaho and current Vice President for Legislative/Government Affairs for the National Potato Council (the Council). On behalf of the Council, we thank you for funding part of our National Research Proposal and we look forward to working with you to expand the funding in Fiscal Year 1995. We believe that increased funding of $300,000 specifically for varietal development is important and would allow for the continued development of critical research to lower the use of pesticides in potato production.

The Council is the only trade association representing 10,500 commercial potato growers in 50 states. Our growers produce both seed potatoes and potatoes for consumption in a variety of forms. Annual production in 1992 was 425,367,000 cwt with a farm value of $2.34 billion. Total value is substantially increased through processing. The potato crop clearly has a positive impact on the U.S. economy.

The potato is the most popular of all vegetables grown and consumed in the United States and in the world. Annual per capita consumption was 132.7 pounds in 1992, up from 107 pounds in 1962, and is increasing due to the advent of new products and heightened public awareness of the potato's excellent nutritional value. Potatoes are considered a stable consumer commodity and an integral, delicious component of the American diet. In 1986, the U.S. exported 155,028 metric tons of potatoes or potato products. In 1993 we exported 574,414 metric tons with an export value of over $360 million. These research funds will help assure that quality potatoes and potato products can continue to be consumed in the U.S. and our export market continues to expand.

The potato crop has been traditionally controlled by supply and demand in a free market. Government support programs such as target price-guarantees and acreage set asides have not been necessary. However, potato growers recognize that, in order to remain a viable and competitive industry, we must constantly strive to improve production efficiency and market quality while reducing the use of pesticides. Through carefully planned research, we believe we can continue to offer an excellent high value product and maintain a viable and competitive U.S. industry in the United States.

This year additional funding of $300,000 in Variety Development is needed and would be effectively utilized. These funds would be used to better integrate existing state and ARS potato breeding programs. Several states have individual programs for their own states and ARS has breeding programs in Washington, Idaho, Maryland and Maine. These funds would be used to exchange and share newly created potato germ plasm for resistance to insect and disease pests and to provide continued funding for use of gene transfer systems for specific pest tolerant genes. State and federal breeders alike are seeking ways to develop new varieties with greater pest tolerance. We believe this investment would provide a substantial return for both agriculture and consumers.

As you will recall, the National Potato Research Proposal was the culmination of an intensive effort begun in 1984 between the Council and the ARS to identify national priority research issues of concern to the potato industry. Based on these identifiable research needs, the National Potato Research Proposal received initial funding for ring rot diseases; early dying disease; marketing; aphids; potato beetle and varietal development.

The monies provided to the ARS have been greatly appreciated and the potato growers are starting to see results from this research program. We are getting feedback on research results back to the producer by having researchers speak at seminars and by making available to the potato industry a written summary of all research underway. A copy of the latest summary has been provided to the Subcommittee.

It is important to note that representatives of the Council have held annual meetings with ARS officials, the most recent in December of 1993, to discuss the distribution and use of research funds. The Council is particularly pleased with the tremendous efforts put forth by ARS to ensure that the research conducted is meaningful and addresses industry problems in the most thorough, expeditious and cost effective manner. The Council looks forward to continuing its close partnership with ARS to maximize the use of these important funds as this Subcommittee has directed.

The Council has become deeply involved with and impacted by various environmental issues, including concerns over pesticide use, groundwater and chemical safety. We feel that our growers make every attempt to apply chemicals safely and well within Environmental Protection Agency requirements. However, we anticipate further restrictions on the use of chemicals and even the loss of some existing products. For example, the potato beetle has become an increasingly troublesome pest in many production areas and is spreading rapidly. Many production areas face increased virus and fungal diseases as well. Late blight diseases have been particularly harmful to potato growers in many states. Research is therefore even more critical given the rapid spread of these pests and diseases and the concerns over chemical use. Ultimately, it will only be possible to overcome our dependence on chemicals through plant variety breeding and use of genetic engineering approaches. This is why increased funding of varietal development research is of particular importance. Plant breeding will not only help develop improved potato varieties with resistance to insects, diseases, nematodes, and environmental stress factors, but it will also allow development of varieties with improved nutritional and market quality.

For example, until we achieve success in variety development research, we need to find an effective alternative for CIPC which controls sprouting in storage and retail outlet stores and is also essential for the export market. Although EPA reregistration is proceeding on CIPC, there are no other alternatives available for sprout control. The growers in the past few years lost the use of several key pesticides that were crucial in controlling blight, potato beetle, whitefly, Fusarium dry rot and weeds. Growers and researchers alike are becoming extremely alarmed at the resistance to the few remaining registered products still left on the market. As this subcommittee knows, many safe minor use chemicals are not being registered or reregistered due to economic disincentives of the current FIFRA regulatory process. Varietal development is a key to the success of our industry. Research must be accelerated to develop pest resistance varieties which would reduce use of pesticides. Biotechnology research must also be accelerated.

The Council is also concerned over the budget proposal to close the ARS potato research facility at East Grand Forks, Minnesota -- which is currently funded at $960,300. A portion of these funds now held at this facility was appropriated by the Congress specifically for use in high priority marketing research.

The Council will continue to work closely with USDA to oversee this research and will report periodically to the Congress on the progress of the research. We sincerely thank your Subcommittee for its generous support of this vitally important research. We would be happy to answer any questions you might have.

METHYL BROMIDE RESEARCH

WITNESS

DAVID RIGGS, CHAIRMAN, CROP PROTECTION COALITION

Mr. SKEEN. David Riggs, the Crop Protection Coalition. Welcome, and we will put your entire statement in the record, and continue, it's your shot.

Mr. RIGGS. Okay, thank you very much. I'll briefly summarize the written testimony.

My name is Dave Riggs. I'm president of the California Strawberry Commission, and I'm here today in my capacity as the chairman of the Crop Protection Coalition.

Our coalition represents 34 producer associations, cooperatives, and related industries. Most of the members of the Crop Protection Coalition are trade groups such as the California Strawberry Commission, the United Fresh Fruit and Vegetable Association, several other trade associations.

So within our individual groups, we represent literally tens of thousands of farmers, producers, and marketers of fruits and vegetables and other important food products representing all parts of the country.

While diverse in our commodities and the unique aspects of our industries, we are united in our common reliance on the availability and the use of the fumigant methyl bromide in the production, storage and/or distribution of our products.

We are also very concerned about the impact of its mandated removal as a disease and pest control tool. As members of this committee are well aware, the Clean Air Act requires that any substance having Class I ozone depleting properties be withdrawn from production, importation and use in the United States within a specified time.

Methyl bromide was so identified and listed by the EPA November 30th, 1993, and is scheduled for a phase-out in January 1, 2001.

The impact of this action creates great uncertainty for the members of our coalition, and many others engaged in food production and distribution. Methyl bromide has been extensively utilized over the last three decades as the standard treatment, and in many cases, the only treatment for disease and pest, both pre and post-harvest.

In fact, the USDA estimates that the loss of methyl bromide without a viable alternative will result in at least a $1.3 to $1.5 billion annual economic adverse impact on agriculture.

Because methyl bromide is such a vital tool in food production and distribution, our coalition was created to work with all relevant agencies of federal, state and local governments, academic institutions, and others in the public and private sector to foster, define and implement a comprehensive research program to develop alternative treatments, if any, to methyl bromide.

Only through a cooperative effort of this nature and the application of science will alternatives to the many and varied uses of methyl bromide be found.

Our members are particularly concerned with two uses of methyl bromide. One is soil fumigation, and in this application, methyl bromide helps control pathogens, pests, and weeds in the soil. Without methyl bromide or a viable alternative, it will be nearly impossible to produce and market a number of major commodities in an economically viable manner.

In many cases, the use of methyl bromide as a pre-plant soil treatment is the foundation of integrated pest management systems that have been developed over the last three decades.

The second use of methyl bromide is as a post-harvest fumigant to meet various state, federal and international regulatory requirements. According to USDA, 135 commodity listings from 128 countries require methyl bromide fumigation as a condition of entry.

So without an effective alternative fumigant, these markets for certain U.S. products could be lost. Furthermore, methyl bromide is the agent of choice for USDA's quarantine program with no identified alternatives yet available.

Now, recognizing the urgent need for research to find alternatives, this committee last year provided the agricultural research service with a $1 million increase in research investigating alternatives for methyl bromide.

We commend the committee for this decision, and we're here today to urge the committee to continue its strong support.

In the President's fiscal 1995 budget request for USDA/ARS, it reflects concern about the lack of alternatives by requesting a $10 million increase in methyl bromide research funds. However, based on a number of workshops throughout the country with USDA and with the Crop Protection Coalition, an annual research need of approximately $60 million has been identified.

Therefore, we would urge that this committee consider an additional $5 million for a total of $15 million research to ARS in the fiscal 1995 budget.

It's important to recognize that the commodities affected are from every region of this country, so this research effort must truly be national in scope.

While we have involved ARS, EPA, CSRS, cooperative extension, land grant and other universities as well as private industry, we believe the responsibility for administration and budgetary oversight should be entrusted to ARS.

In our testimony, we make specific recommendations about the, concerning the research priorities, the inclusive nature of the research, and the information-sharing that is a critical part of it.

And in the interests of time, I won't go into detail concerning those recommendations, but I appreciate that our testimony will be included in the hearing record, and I commend the attention of the members to those specific priorities.

Further, we would like to ask the committee, and specifically port language, to encourage ARS to continue to work with the, directly and cooperatively with our coalition in prioritizing this research effort.

We believe that only through such a cooperative effort can scientifically derived options be practically tested and implemented in the field, so-to-speak.

This is particularly important given the short time that we have available to define and implement alternatives.

On behalf of the Crop Protection Coalition, I want to thank the committee for its time and attention to this matter today, and I would be happy to respond to questions.

Mr. DURBIN. Mr. Skeen.

Mr. SKEEN. We thank you, Mr. Riggs. I understand this is a very serious and critical concern to you, if you lost the methyl bromide, and we did put a million dollars in, as I understand, for ARS to study this particular project, and you are wanting $5 million more.

Mr. RIGGS. Well, the President's budget calls for an additional $10 million to focus on this.

Mr. SKEEN. $10 million.

Mr. RIGGS. And as I say, the research effort across the broad range of commodities is much greater than the additional $10 million, so we would like the committee to consider an additional $5 million beyond what's in the current fiscal 1995 budget request.

Mr. SKEEN. There's no plan to mitigate the use of this through enforcement of EPA. They want to do away with it entirely, is that correct?

Mr. RIGGS. As we understand it, the Clean Air Act gives us until the year 2001 with no interim reductions, but as it currently stands, the year 2001 would represent 100 percent phase-out.

Mr. SKEEN. That's drop dead day.

Mr. RIGGS. Right, and in agricultural research terms, that's a very short time period because we really only have about five experimental periods to find an alternative.

Mr. SKEEN. I see.

Mr. RIGGS. That is a very high priority on this research effort.

Mr. SKEEN. Well, we thank you for bringing the problem to our attention and appreciate your testimony.

Mr. DURBIN. Thank you very much.

Mr. RIGGS. Okay, thank you.

[The information follows:]

CROP PROTECTION COALITION

Ag Fume Services, Inc.
Apricot Advisory Board
California Agricultural Issues Forum
California Avocado Commission
California Cherry Export Association
California Cherry Marketing Program
California Citrus Quality Council
California Cling Peach Advisory Board
California Fig Advisory Board
California Grape and Tree Fruit League
California Kiwifruit Commission
California Prune Board
California Raisin Advisory Board
California Strawberry Commission
California Table Grape Commission
California Tomato Board
California Walnut Marketing Board
Citrus Research Board
Dried Fruit Association of California
Ferris Farms
Florida Bell Pepper Growers Exchange
Florida Farm Bureau Federation
Florida Fruit and Vegetable Association
Florida Strawberry Growers Association
Florida Tomato Committee
H. M. Griffin Farms
Hillsborough County Farm Bureau
North American Strawberry Growers Association
Northwest Horticultural Council
Pear Advisory Board
Produce Marketing Association
Sunkist Growers
United Fresh Fruit and Vegetable Association
Western Fumigation

BEFORE THE SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FDA, AND RELATED AGENCIES OF THE HOUSE COMMITTEE ON APPROPRIATIONS

RESEARCH FUNDING FOR METHYL BROMIDE

STATEMENT OF THE CROP PROTECTION COALITION

Mr. Chairman, Members of the Committee, I am David Riggs, President of the California Strawberry Commission, and I am here today in my capacity as Chairman of the Crop Protection Coalition ("Coalition"). We are a Coalition of thirty four (34) fresh fruit, vegetable and specialty crop producers, associations, cooperatives and related industries from across the nation.

While we may be divergent in the unique aspects of our own industries, we are united in our common dependence upon the availability of the fumigant methyl bromide for the production, distribution and storage of our products.

The Clean Air Act requires that any product identified as a Class I ozone depleting substance be withdrawn from production and importation in the United States within a specified time. We expect that use may be curtailed in the future. Methyl bromide was so listed by the Environmental Protection Agency November 30, 1993 (58FR., pp 65018-65082) with a phase out date of January 1, 2001.

The Clean Air Act provides for no special use exemptions for agricultural applications for methyl bromide. In contrast, the international regulation governing ozone depleting substances is the United Nation Environmental Programme/Montreal Protocol, does permit special use exemptions and/or reduction in production rather than total elimination of the product.

The ultimate impact of the regulatory action will be severe and creates great uncertainty for our Coalition members and for many engaged in food production, distribution and storage. Methyl bromide is the standard treatment and, in many cases, the only treatment for the control of pests and diseases pre- and post-harvest. In fact, the United States Department of Agriculture (USDA) estimates that this action will result in at least 1.3 to 1.5 billion dollar annual adverse economic impact on agriculture.

Because methyl bromide is such a vital link in the function of our food production chain, our Coalition is committed to working with all agencies of federal, state and local government, academic institutions, others in the public sector and private industry to foster, define and implement a comprehensive research program between now and 2001.

Recognizing this urgent research need brought on by the Clean Air Act deadline, this Committee provided the Agriculture Research Service (ARS) with a $1 million increase last year for research into alternative treatments to methyl bromide. We commend this Committee for that decision. Today, we are here to urge the Committee to continue its strong support. The President's FY 1995 Budget for ARS reflects a concern about the lack of alternatives to methyl bromide applications. The FY 1995 budget request of an additional $10 million includes a $5 million increase and $5 million redirection for methyl bromide research.

Our Coalition has estimated the agenda of critical research priorities for methyl bromide to be approximately $60 million annually. Therefore, while we support this budget request, we ask the Committee to increase the funding by another $5 million to help meet the actual research needs. This request for $5 million over and above the budget for a fiscal year 1995 total increase of $15 million is only a small percentage of total research needs. Although we appreciate that we are in tough budget times, we are also under a Clean Air Act mandated time frame to discontinue use of methyl bromide.

It should be noted there are two uses of methyl bromide vital to the nation's food industry including members of our Coalition.

First is the use of the pesticide as a pre-plant soil fumigant. The chemical helps control significant pathogens, insects, pests and weeds in the soil. The elimination of these plant pests and diseases assists in the production of various wholesome foodstuffs. In many cases the use of this pre-plant treatment leads to healthier plants, thus providing the foundation for Integrated Pest Management (IMP) systems. This in turn leads to the reduced need for pesticides during the fruiting and harvesting and more efficient utilization of land, water and other resources. If methyl bromide or a similar crop protection tool is not available, it will be extremely difficult, and for some crops almost impossible, to produce or market various commodities in an economically viable manner.

Second is the use of methyl bromide as a post-harvest fumigant. Frequently, after harvest, agricultural commodities require treatment with methyl bromide to meet federal, state or international regulatory requirements. Treatment may also be required by receiving customers to assure the food complies with contract specifications for insect or rodent infestation. Unlike soil fumigation which involves injection of the chemical into the soil, post harvest use of the chemical involves exposure of the food in a fumigation chamber.

Extensive research efforts are underway attempting to identify modifications that can be made in both fumigation chambers and soil fumigation to further reduce emissions. This includes, for example, employing re-cycling technologies to eliminate the release of the chemical into the atmosphere. For pre-plant treatments modifications in equipment and trap density are already significantly reducing emissions.

According to USDA, approximately 135 different commodities require methyl bromide fumigation as a condition of entry either for import or export. Of these, only 17 have an alternative treatment presently approved and 25 have no alternative treatment. The balance are still being reviewed. Without effective alternatives to methyl bromide, these markets for U.S. exports would be lost and production of some crops may shift to other countries. Indeed, production and distribution of food within the United States and internationally could be seriously disrupted.

Still relevant today is the conclusion of participant experts at the International Workshop on Alternatives and Substitutes for Methyl Bromide convened in Washington in mid-1992, which stated that "for the broad spectrum of applications in which it is currently used, there is no single alternative to or substitute for methyl bromide." They went on to state that they anticipate substitute chemicals and alternative procedures for specific application needs can be identified to reduce methyl bromide emissions. However, much more extensive research is needed to identify these chemical and procedural alternatives, evaluate their efficacy, ascertain true costs and make certain they pose no health or environmental threat.

It is this research need that is the focus of our attention before the Committee today. Further, we ask this Committee to include specific report language to encourage the ARS to continue to work with our Coalition of user groups in prioritizing research efforts.

We have presented ARS with an extensive paper on critical pre- and post-harvest research priorities. We believe **Soil Fumigation Research Priorities** should include the following:

1. A. Identify current, on-going preplant soil fumigation research efforts and develop a comprehensive research database including governmental, academic and private research efforts.

   B. Develop an on-going communication vehicle to ensure distribution and coordination of existing research efforts.

2. Improve methodologies to monitor population dynamics of soilborne pests and pathogens, develop a more comprehensive understanding of microbial interactions, and other ecological impacts of soilborne plant pests. Develop methods to produce propagation material inoculated with Beneficial microorganism to minimize the need for alternative treatment methods. Improved methods of monitoring and definitions of economic thresholds will enhance the development of IPM programs. As much as possible, currently existing programs and expertise should be utilized and supported.

3. Evaluate existing and proposed chemical alternatives and the application technology required to maximize their utility. The emphasis in the short term should include timing of application, determination of minimum efficacious rates, and how to integrate existing alternatives into an integrated pest management strategy for each impacted commodity.

4. Develop new culture/crop production systems which include pathogen-free propagation material, designed to maximize non-chemical control strategies and maximize the efficacy of the required crop protection chemicals.

5. Develop and test cultivars with resistance or tolerance to the known major soilborne pathogens and pests. This plant breeding effort would require revitalization of existing programs within ARS at the regional level and expansion of existing plant breeding programs at land grant universities.

We recommend that **Post Harvest Research Priorities** include:

1. Identifying current on-going commodity treatment research efforts and develop a comprehensive research database inlcuding governmental, academic, and private research efforts. Develop an on-going communication vehicle to ensure distribution and coordination of existing research efforts to stakeholders.

2. Developing technology to reduce emissions of methyl bromide from postharvest commodity treatments (permanent/tarpaulin). Included are physical structure: design, sealing, circulation; fate of methyl bromide on commodities: adsorption, desorption, breakdown; scrubbing; recirculation: also adulteration of methyl bromide or purity of fumigant; and waster disposal.

3. Evaluating existing and proposed alternatives (including new fumigants) and the application technology required to maximize their utility. The

emphasis in the short term should include timing of application, determination of minimum efficacious rates, and how to integrate existing alternatives into a pest management strategy for each impacted commodity.

4. Improving methodologies to monitor postharvest pests and pathogens, develop a more comprehensive understanding of basic biology of the pests, commodities and their interaction and changing pest population dynamics resulting from broad to narrow spectrum treatments (host specific treatments).

5. Identifying biological control agents. Including: Insect Growth Regulators (IGR); pheromones; parasites/predators; microbials: virus, bacterial, fungal; develop genetic engineering (pest and commodity) and plant breeding for pests resistance (relates to commodity-the root component is covered in the soil section).

Implementation of this research strategy and a system to communicate on-going results and developments in a timely manner to all interested and affected parties assures a continuous and realistic evaluation of those findings. This suggests the need to develop a geographic, commodity specific, bottom up networking pyramid with the review and decision focus and communication of results shared across the universe of stakeholders in the process.

Conclusion

The time to accomplish this national research effort grows short. Our food industries so reliant today on methyl bromide face a regulatory deadline of 2001. The critical research must be completed, new options developed, evaluated and implemented in a very brief time frame. If we are to avoid disruptions in our food supply for both domestic and international consumption at the beginning of the new century, it is imperative we complete the basic research over the next three to four years, with further refinement and advancement through developmental research over the remaining three years. The continued support and foresight of this Committee is essential if we are to meet this challenge.

On behalf of the Crop Protection Coalition, I thank the Committee for its time and attention to this matter.

RUTGERS RESEARCH CENTER

WITNESS

PETER DAY, RUTGERS, THE STATE UNIVERSITY OF NEW JERSEY

Mr. DURBIN. Dr. Peter Day of Rutgers. Excuse me. We have a statement here from Dr. Francis Lawrence, and Dr. Peter Day on the record, so could you tell us which one you are?

Mr. DAY. I'm Peter Day, and I'm here, Mr. Chairman, thank you for your time and attention, to amplify President Lawrence's statement.

Mr. DURBIN. All right. We will enter his statement in the record.

Mr. DAY. Thank you very much.

Mr. DURBIN. Please proceed.

Mr. DAY. Let me tell you who I am. I am the director for the Center for Agricultural Molecular Biology at Rutgers that was established about five years ago, and it's a center that owes a great deal to your committee, sir.

I'm pleased to report that the building you have been assisting us with to the tune of about $10 million is nearing completion and we should occupy it towards the end of this year.

Mr. DURBIN. Excuse me. We are near completion on a building?

Mr. DAY. Yes.

Mr. DURBIN. This could be what we've been waiting for. [Laughter.]

Mr. DAY. I look forward to showing you around it, sir.

Mr. DURBIN. We are anxious to see it.

Mr. SKEEN. We want to see one finished.

Mr. DAY. Thank you. [Laughter.]

And I must say that the prospect of occupying it is exciting and interesting, and will enable us to make an even stronger contribution to agricultural science research and education than we have already been making.

Let me give you just one instance. We are also very interested in the application of plant material to bioremediation, and we have begun a spin-off company with venture capital money, for example, to apply the technology of heavy metal uptake by plants.

However, what I'm here today, sir, is to talk about Phase II of the operation and to seek your committee's request to the USDA matching facilities grant for further first installment of $4.7 million in fiscal year 1995 in order to complete the overall complex that we originally approached you about.

This will enable us to accommodate our departments of anthropology and entomology. It will also create classroom facilities including laboratory space, lecture rooms, and computer laboratories, so that the ag. biotech people who will be working alongside plant science specialists will have other colleagues very close to them who are presently located in unsafe, very unsatisfactory accommodation.

I know your committee values the importance of these activities in land grant college campuses, and I look forward to your sympathetic consideration of this request. I would be very pleased to answer any questions that you may have.

Mr. DURBIN. Dr. Day, we're having a roll call vote I'm afraid, so we will have to be very brief. I take it that neither in Phase I nor Phase II are you asking for operating expenses?

Mr. DAY. No. That is correct.

Mr. DURBIN. Thank you very much. Mr. Skeen?

Mr. SKEEN. Thank you, Doctor, and when we finish that building, may we come and visit?

Mr. DAY. Certainly, sir. I will see that you get invitations.

Mr. DURBIN. We would like to get a snapshot if we could. [Laughter.]

Thank you very much.

[The information follows:]

Prepared Statement by

Dr. Francis L. Lawrence

President, Rutgers, the State University of New Jersey

before the United States House Appropriations Subcommittee on Agriculture, Rural Development, and Related Agencies

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1994

Statement Summary

This is a request for federal matching funds of $4.7 million for FY 1995, as the first of two installments of a $10 million USDA facilities grant to construct Phase 2 of the Plant Bioscience complex on the Cook College/New Jersey Agricultural Experiment Station campus of Rutgers, the State University of New Jersey in New Brunswick. Rutgers already has received a federal contribution of $10 million to complete Phase 1, a $37 million wing of the Plant Bioscience Complex that will be ready for occupance in the fall of 1994 and $500,000 for the design of Phase 2.

Rutgers and the State of New Jersey have already appropriated $27 million in matching funds for the two phases of the complex.

Mr. Chairman:

I am Francis Lawrence, President of Rutgers, the State University of New Jersey, and I am here today to testify on behalf of the United States Department of Agriculture program that provides matching funds for constructing agricultural facilities at American universities. This program continues the great tradition of the Federal Government assuming an appropriate role in a federal-state-industry-university partnership to support our agricultural economy, a role that has existed since the Morrill Land Grant Act of 1862.

Rutgers now seeks matching funds for completing construction of a Plant Bioscience complex under this program. During the last seven years this Committee has appropriated $10.5 million for the planning, program design, and initial construction of the facility. Mr. Chairman, we are extremely grateful for your strong vote of confidence in developing the project thus far.

The sole purpose of this facility is agriculture; all space in the building will be used for teaching, research, and public service activities for New Jersey and United States agriculture.

The state and the university have appropriated $27 million in support of both phases of the Plant Bioscience complex. The university has committed an additional $10 million in ancillary facilities, such as greenhouses and containment facilities for genetically engineered plants. We are now in need of a $4.7 million federal matching component to begin construction of the Phase 2 wing of the Complex to ensure that the momentum so far generated for New Jersey agriculture and the New Jersey Agricultural Experiment Station will not be lost, and to confirm that the original objectives of the project can be fully achieved.

The programs of the New Jersey Agricultural Experiment Station support the state's $15 billion agriculture and food industry, an industry that is strong and viable, but, like agriculture throughout the United States, faces serious challenges. These challenges result in large part from urbanization and the associated pressures of competition for natural and human resources, the proximity of agriculture to often incompatible neighbors, and growing public concern over the impact of intensive agriculture on a fragile ecosystem. Although these are problems common to all agriculture, in New Jersey, the most urbanized state in the nation, we experience them sooner and more intensely. Our responses can serve as examples to others.

If these challenges are not adequately addressed, they will ultimately result in the deterioration, if not the demise, of agriculture in our state and diminish the contribution this important sector makes to the economy of New Jersey and to its quality of life. I am certain that this Committee understands the value of maintaining the diversity of the nation's agricultural production systems and the importance of having healthy agricultural programs in each state.

To meet these challenges, the New Jersey Agricultural Experiment Station has taken the lead in developing a strategic master plan called Vision 21. Its goal is no less than to achieve premier status for Rutgers and its agricultural experiment station among the nations's land-grant institutions. We cannot afford second best because what's at stake is preserving our unique kind of agricultural production nearby and responsive to the nation's largest market; strengthening important food processing and packaging industries; protecting our fragile coastline and the quality of our environment; properly managing our enormous toxic and hazardous waste problem; and harnessing new technologies, including biotechnology, to these ends.

Vision 21 is an appropriately aggressive plan. It calls for major capital resources to improve our research and teaching facilities increased annual operating funds, and for the establishment of advanced technology centers. To succeed, we need to forge partnerships between public and private sectors, and state and federal funding sources.

The plan has been in place for eight years, and I can proudly report the following progress showing the clear commitment of our region, our state, and our university:

1. The New York/New Jersey Port Authority, in support of our marine industry, has provided $13 million toward a $21 million marine and coastal sciences center, which has now been constructed.

2. New Jersey voters in the late 1980's approved a $350 million Jobs, Education, and Competitiveness Bond issue in support of higher education. The bond, passed by the highest vote margin in the history of the state, provides over $40 million in support of the agricultural experiment station.

3. Over this eight-year period, the New Jersey Commission on Science and Technology provided $8 million in new operating funds and $10 million in capital construction funds in support of four advanced technology centers operating under the umbrella of the New Jersey Agricultural Experiment Station. These are centers in advanced food technology, agricultural biotechnology, marine and coastal sciences, and fisheries technology extension.

4. Rutgers, through its Fund for Distinction, has provided $27 million in support of the capital building program at the experiment station. In addition, it has provided working budget increases of $1.7 million to Cook College and over $8 million in support of start-up costs for new faculty and new academic facilities. The university has also hired eight world-class scholars as part of its Excellence Program and located them at the New Jersey Agricultural Experiment Station.

5. New Jersey's food production industry also has begun to fund the station, by providing $1 million in grant funding for our Center for Advanced Food Technology and by generating more than $750,000 in support of the center's annual operating budget through membership fees.

Thus, over $102 million for our capital needs and over $10 million in new operating funds have been generated in support of the agricultural experiment station and its strategic plan, Vision 21. By any reasonable measure, these contributions provide the strongest possible evidence of commitment by the university, the state and the region to our land-grant mission and responsibilities.

We are grateful to this Committee, through its study, planning grants, and construction for our Plant Bioscience complex for being such an important partner in these efforts. This building underpins our philosophy that we must integrate the latest technologies with traditional approaches to solve the problems facing modern production agriculture and the environment, in an urbanized setting.

The complex, when fully developed, will allow us to appropriately house the Center for Agricultural Molecular Biology, a high-tech center consisting of sixteen world-class scientists and their support staffs under the direction of Dr. Peter Day, a world renowned agricultural biotechnologist and geneticist; it will also allow us to coordinate the center with the academic departments of Plant Pathology, Plant Science, Entomology, and Plant Bioscience by housing them together in a single facility.

The building will contain state-of-the-art research laboratories, conference, library, and educational facilities, and attached greenhouses. Associated with the center will be a branch facility in southern New Jersey for biological risk assessment, critically important for testing engineered plants and microorganisms.

With this fully developed complex, we will be able to propel the plant sciences and agricultural biotechnology to premier national status and to integrate basic and applied research with extension activities to better ensure that agriculture in the Northeast remains profitable and environmentally sound. It also allows us to provide training for undergraduate and graduate students implant biology to meet the growing demand for such scientists, who, we anticipate, will be in short supply.

Thank you for your consideration. My colleagues and I from the state, the university, and the agricultural community would be pleased to respond to your questions.

EXTENSION SERVICE

WITNESS

WAINWRIGHT VELARDE, INTERTRIBAL AGRICULTURE COUNCIL

Mr. DURBIN. Mr. Wainwright Velarde of the Intertribal Agriculture Council. We would like to invite you to testify, but we are only going to give you four minutes, so I'm sorry, but otherwise you might have to wait indefinitely. We have two votes on here, so if you would be kind enough to summarize. We thank you for coming a long way to join us from Billings, Montana. Is that your home?

Mr. VELARDE. No, that's where our offices are, but I'm from Albuquerque, New Mexico.

Mr. SKEEN. We have transplants all over.

Mr. DURBIN. I tell you, New Mexico is everywhere. Please proceed.

Mr. VELARDE. Mr. Chairman, my name is Wainwright Velarde. I'm the vice president of Jicarilla Apache Tribe speaking on behalf of the Intertribal Agriculture Council.

The IAC is an organization of 65 Indian tribal governments who together control 44 million acres of land of the 54 million that is Indian land in the United States.

The IAC is governed by a board of directors composed of elected tribal representatives from each of the 12 regions in Indian country, and I am elected IAC board member for the Albuquerque region.

As you can see from my written statement, we have four comments to make on the proposed 1995 budget for the Department of Agriculture.

First though I want to say that we appreciate this committee, the administration and the Department of Agriculture for their sincere efforts to improve service to Indian people. Sometimes this is difficult to do, but we are beginning to see the results on our reservations.

Throughout the country as Indian people, we are beginning to receive services from USDA programs for the first time in history. I'm glad to express the gratitude of my people for this effort.

The four specific areas I want to comment on are the Indian reservation extension program, the Indian reservation consolidation office provision in the 1990 FACT Act, the Indian land acquisition program, and the community outreach program.

For several years, the Intertribal Agriculture Council has worked with the Department of Agriculture to enhance Indian participation in extension service programs as the cornerstone to improving USDA/Indian relations.

We now have Indian reservation extension programs which is authorized under the 1990 FACT Act. We are proud of our participation and effort to establish this critical reservation extension agent program and believe it is the key to improving USDA relationships on reservations.

We are happy that the new administration has included this valuable and successful program for its funding in the 1995 budget. For the first time since it started in 1990 with only a total of $1,610,000 after the department withholds its overhead and without a national program leader, 30 extension programs are providing valuable service to Indian communities in 20 states from Florida to Alaska, including especially the valuable 4–H programs for our next generation.

Unfortunately, the proposed funding level is $1.5 million and will result in the reduction of current services according to USDA administrators. We have repeatedly testified since 1989 that a minimal extension program as provided to all reservation communities will require a federal appropriation of $8 million.

This is based on program figures developed jointly by IAC and the cooperative extension service while this program was being designed. Therefore we request an increase of $6.5 million over the budgeted amount of $1.75 million to a total of $8.0 million. This totals as 1.4 percent of the total budget requested for agricultural research and partnership education programs.

The 1995 FACT Act also requires the Department of Agriculture to establish consolidated sub-offices consisting of the soil conservation service, agriculture stabilization service, the farmers home administration, and others at each reservation.

We are able to document only four reservations which receive services from the sub-office, however services are improving greatly and received increased support from our Indian communities.

Because of the ongoing efforts of the department to implement this program, we are requesting that $1 million be made available for the purpose of a progress review office implementation and program development.

The Indian land acquisition program was created by Congress as a resolution to the land ownership problems facing the Indian reservations. This program was provided to tribes with the ability to purchase lands within their jurisdictional area to consolidate ownership and management functions.

Congress raised the authorization of the Indian land acquisition program from $2 million to $8 million in the 1990 FACT Act, however the department funding has leveled and is less than $1 million.

Mr. DURBIN. Mr. Velarde, excuse me, but we have to leave to vote, and we will be returning.

Mr. VELARDE. Okay.

Mr. DURBIN. So I would like to ask everyone to please forgive us, and stand at ease. I'm afraid you won't see us until——

Mr. SKEEN. If we don't vote, we don't get the money.

Mr. VELARDE. Okay.

Mr. DURBIN. I am afraid you won't see us for at least 20 minutes though, so relax and have a good time, we will be right back.

Mr. VELARDE. Thank you.

Mr. DURBIN. We appreciate it.

[Recess.]

Mr. SKEEN. I'm glad you didn't move. We apologize. Go ahead and Mr. Velarde.

Mr. VELARDE. Thank you very much, Mr. Skeen. I just have a few more paragraphs here to go, so I will just complete those.

Mr. SKEEN. Well, you have waited this long. We want to hear the rest of it.

Mr. VELARDE. Okay. [Laughter.]

Mr. SKEEN. Thank you.

Mr. VELARDE. You bet. The Indian land acquisition program was created by Congress as a solution to the land ownership problems facing the Indian reservation. This program has provided tribes with the ability to purchase lands within their jurisdictional area to consolidate ownership and management functions.

Congress raised the authorization of the Indian land acquisition program from $2 million to $8 million in the 1990 FACT Act, however, the department funding level is less than $1 million. This is so low that many years a single loan to a single tribe has taken the entire appropriation, turning away the potential applicants and operating a program in which a single loan may require the entire appropriation explains the low activity level.

We are asking Congress to direct the department to utilize the full authorization of $8 million to resolve the land ownership problems on Indian reservations. The USDA has billions of dollars in its budget, so we are not seeking anymore appropriation. We are only asking that the committee and the Congress set aside $8 million of the existing funds for this program.

This is only two one-hundredths of one percent of the total budget on the farm loan programs.

Section 2501 of the FACT Act includes the community outreach program, and lists tribally-controlled community colleges among organizations eligible to participate in the USDA education programs.

Improved education of our people has long been the overriding priority of our tribes. The 1994 was the first time that the department included a budget request and to implement this important outreach program for Americans everywhere.

We strongly support the department's request to increase the funding level from $3 million to $5 million in 1995. With this, I conclude.

Thank you, Mr. Chairman, for the opportunity to comment on these issues of importance to the Indian agricultural community. We ask your assistance in maintaining congressional and public direction in this critical program of the USDA.

Thank you.

Mr. SKEEN. Thank you, sir. We really appreciate your patience and sorry about the long gap.

Let me ask you one question, Mr. Velarde. These Indian lands that are acquired, do they take on tribal status as far as trust lands?

Mr. VELARDE. Yes. We go through the process as done by—there is a process that BIA goes through, and each one of them goes through that process.

Mr. SKEEN. Oh, these are former BLM lands?

Mr. VELARDE. Well, these are in the checkerboard areas.

Mr. SKEEN. Yes, I understand.

Mr. VELARDE. And back when land was allotted to the Indian people, some of them gave it up and sold it because they didn't have any other means——

Mr. SKEEN. But it is federal land.

Mr. VELARDE. Right.

Mr. SKEEN. Administered by the Bureau of Land Management.

Mr. VELARDE. Right.

Mr. DURBIN. All right, thank you, sir.

Mr. VELARDE. You bet.

Mr. DURBIN. Thank you very much, Mr. Velarde.

[The information follows:]

Intertribal Agriculture Council
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Prepared Statement of the Intertribal Agriculture Council on the 1995 Budget for the Department of Agriculture Prepared for the House Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration and Related Agencies, March 22, 1994.

Mr. Chairman, I am Wainwright Velarde, Vice President of the Jicarilla Apache Tribe, speaking on behalf of the Intertribal Agriculture Council. The Intertribal Agriculture Council (IAC) is an organization of dues paying member Indian Tribes who together control 44 million acres, or 81 percent of the 54 million acres held in trust by the United States for Indian people. The IAC is governed by a Board of Directors composed of elected tribal representatives from each of the twelve regions of Indian Country reflecting the diverse character of Indian Agriculture. I am the elected IAC Board member for the Albuquerque region.

We have four areas of concern on the proposed 1995 budget for the Department of Agriculture, which are: 1) improved support for the Indian Reservation Extension Agent program, 2) implementation of the Indian Reservation Consolidated Sub-office provisions of the 1990 FACT Act, 3) use of authorization levels for the Indian Land Acquisition Program under the Farm Loan Programs, and 4) continued implementation of Section 2501 of the Food, Agriculture, Conservation and Trade Act of 1990 (FACT Act) to support community outreach and the Tribally Controlled Community Colleges. Each of these four topics is treated below.

1. Cooperative Extension Service.

> Reference: Title XVI - Research, Subtitle H - Miscellaneous Research Provisions, Section 1677 - Reservation Extension Agents, FACT Act of 1990.

Cooperative Extension Service Agents serve in the critical role of community liaison to all USDA and Land Grant University Agriculture Programs, supervise the important youth activities of 4-H, and coordinate special training programs such as food storage techniques, nutrition, and subsistence gardening. For the past several years the Intertribal Agriculture Council has worked with the Department of Agriculture to enhance Indian participation in Extension Service programs as a cornerstone to improving USDA/Indian relations.

The Indian Reservation Extension Agent program is authorized in Section 1677 of the 1990 FACT Act, and spearheads the efforts at improving USDA involvement with American Indian communities. We in the IAC are proud of our participation in the effort to establish this critical Reservation Extension Agent program.

Coupled with authorizations in the 1990 FACT Act, the Congress made clear its support for this vital undertaking to improve services to the first Americans by appropriating one million dollars in the 1991 budget (at the same time the FACT Act was being debated). As a result of that authorization and appropriation, the Cooperative Extension Service, working in concert with Indian Tribes and State Extension Directors, implemented a program which in its first year resulted in the establishment of 13 fully operational Reservation Extension Projects, with a total of 34 staff, half of which were American Indians. In addition, each dollar of Federal seed money attracted $0.37 in Tribal Government support, and $0.41 in State Government support. States and Tribes hired nine individuals, in addition to the extension personnel, to assist in these projects.

Despite this extremely productive use of the start-up funds the department deleted the fledgling program from its FY 1992 budget request. But Congress recognized the value, reinstated the initial $1.0 million and added another $500,000 to increase expansion and development in 1992. The Department again dropped this valuable and successful program from its budget request for FY 1993, and again Congress showed its support by appropriating $1.75 million, an increase of $250,000 over 1992 levels. In the 1994 budget request the Department again recommended no funding, and Congress overrode that request and funded this critical program at $1.75 million.

We are very happy to report that as the Department of Agriculture submits its budget request for 1995, the new Administration has included this valuable and successful program for funding. With only a total of only $1,610,000 after the Department withholds its overhead, and without a national program leader or other oversight, 30 extension programs are providing valuable and formerly unavailable services to Indian Communities in 20 states from Florida to Alaska, including especially the valuable 4-H programs for our next generation.

In the first six months of this program the Extension Service received more than 75 proposals submitted jointly by cooperating States and Tribes to provide Extension services to the Indian communities. These cooperative proposals totaled more than 16 million dollars. USDA administrators tell us that the funding level of $1.75 million in 1994 will result in all requests for new programs being denied, and will not be sufficient to maintain the existing programs without serious reductions. However, the response by the Tribes and states continues to be overwhelming. More than $1.5 million in necessary, well-documented and well-developed State proposals were rejected for funding in 1993 due to a lack of budget dollars. This level of need and interest by both the Tribes and the States, working in concert for the first time in history, strongly supports our contention that this program should be fully funded.

As we have repeatedly testified since 1989, a minimal Extension program as provided to all off-reservation communities will require a federal appropriation of $8 million. This is based on program figures developed jointly by the IAC and the Cooperative Extension Service while this program was being designed for the 1990 FACTA. Therefore, the IAC and our member Tribes are requesting an increase of $6.25 million over the budgeted amount of $1.75 million to a total of $8.0 million in Reservation Extension Programs under the Cooperative Extension Service to comply with the intent of Congress, and to continue this very successful program. This totals only 1.4% of the total budget request for Agricultural Research and Partnership Education Programs.

In addition, the Department of Agriculture conducted a formal review of this program, and recently released its report. The recommendations in that report include designating a specific, full-time position to oversee this program, seeking appropriate funding levels, and better defining the working roles of the Tribes, Land Grant Universities, and the Cooperative Extension Service. We fully support the recommendations in this report. Due to the limited space available for testimony in this hearing, we are not able to append this USDA report for inclusion in the record. However we will be providing informational copies of this report to the committee under separate cover in the next few weeks.

2. Land and Conservation Programs

Reference: Farm Service Agency, Financial Assistance
Title XXV, Other Related Provisions, Sec. 2501(g) Reservations

The combination of several former Departmental Services into a single agency will undoubtedly be a major topic of testimony for many organizations before this committee. Because past assistance to the Indian reservation community from these various "Services" has been poor or non-existent, we are not qualified to comment on the Secretary's approach to improving local service delivery. However, the 1990 FACT Act specifically requires the Department to establish Consolidated Sub-offices consisting of the (former) Soil Conservation Service, the Agriculture Stabilization and Conservation Service, the Farmers Home Administration and others, at each reservation and to staff each such office not less than one day a week.

No money was appropriated, nor has any been requested by the Department to implement this portion of the 1990 FACT Act. To date we are able to document only four reservations which receive services from a fully implemented sub-office. However, services are improving greatly and are receiving increasing support in the Indian communities. We have not been able to determine the actual cost of implementing this provision of the Farm Bill, and will not be able to until a realistic number of sub-offices are functional and appropriate averages can be computed. In view of the ongoing efforts of the department to implement this program, however, we are requesting that one million dollars be made available for the purpose of progress review, office implementation, and program development.

We are also concerned, as the Department works through its ongoing re-organization and resources are reallocated, that those offices which serve the large Indian reservations do not be considered for consolidation with other, remote, county offices. The language in the 1990 FACTA should preclude the closing of these offices, but we want the record the reflect our concern.

3. Indian land Acquisition Program

Reference: Title XVIII - Credit; Subtitle C - Miscellaneous; Section 1854 - Indian Land Acquisition Program.

The Indian Land Acquisition Program, currently listed under Farm Service Agency, Farm Loan Programs, was previously listed under FmHA. It was created by Congress as a first effort at finding solutions to the jurisdictional and managerial crises facing Indian reservations which result from fractionated land-heirship and checker-boarded land-ownership patterns. This program has provided Tribes with the ability to purchase allotted lands within their jurisdictional area to consolidate ownership and management functions.

Congress raised the authorization for the Indian Land Acquisition program from $2 million to $8 million in the 1990 FACT Act. In recent years, the Department has funded this program at one million dollars or less, and reports limited activity. However, we are told by our member Tribes that FmHA State officials have repeatedly turned away Tribal applicants by stating that no funds are available. Actually, the funding level has been so low that in many years a single loan to a single Tribe has taken the entire appropriation. Turning away potential applicants and operating a program in which a single loan may require the entire appropriation explains the low activity level.

We are requesting that Congress direct the Department to utilize the full authorization of $8 million for the purpose for which it was intended; the solution of long-standing land-ownership problems on Indian reservations. Since FmHA and RDA, and now the Farm Service Agency, have resources extending well into the billions of dollars we are not requesting an additional appropriation. We are requesting that the Committee and the Congress mandate that $8 million, only two one hundredths of one percent of the total budget in Farm Loan Programs be earmarked specifically for the Indian Land Acquisition Program as authorized in the 1990 FACT Act.

4. Outreach for Socially Disadvantaged Farmers and Ranchers.

Reference: Title XXV - Other Related Provisions, Section 2501 (a) (3) - Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers.

A widely based coalition of minority, rural and American Indian organizations sought the support of Congress for the development of an improved outreach and service delivery system for disadvantaged agricultural producers. Section 2501 of the FACT Act is the result. This section contains specific direction in developing the program and lists Tribally Controlled Community Colleges among organizations eligible to participate in USDA education and outreach programs.

Improved education of our people has long been the over-riding priority for our Tribes. This relatively simple and straight forward section of the FACT Act finally recognizes this priority. Fiscal year 1994 was the first time since the passage of that authorizing legislation that the Department included a budget request to implement this important outreach program for Americans everywhere. We recognize that in Fiscal 1995 the department is recommending increasing this funding level from 3 million to 5 million, and we strongly support this move by the Department to implement this Congressionally-mandated program.

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The Board of Directors of the Intertribal Agriculture Council, on behalf of our member Tribal governments, are grateful for the opportunity to submit written comments on these issues of importance to the Indian Agriculture community before the House Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies. We ask your assistance in maintaining Congressional and public direction in these critical rural programs of the USDA.

SUNFLOWER OIL ASSISTANCE PROGRAM (SOAP)

WITNESSES

HON. EARL POMEROY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH DAKOTA

LARRY KLEINGARTNER, EXECUTIVE DIRECTOR, NATIONAL SUNFLOWER ASSOCIATION

Mr. DURBIN. Congressman Earl Pomeroy, welcome.

Mr. POMEROY. Thank you. Mr. Chairman, Mr. Skeen, thank you very much for listening to my testimony. I have printed testimony before you, and Pat Roberts, ranking member of the House Ag. committee also has testimony bearing on the same issue, the elimination of the SOAP program.

Mr. Larry Kleingartner, director of the National Sunflower Association is here. He will be testifying to you, and I just wanted to emphasize the points that Mr. Kleingartner will make are of grave concern to me regarding the proposal of the administration to eliminate funding for this program.

In essence, it is a commodity-killer. There will not be a competitive ability for our sunflower market to export oils if the program is eliminated.

For reasons that Mr. Kleingartner will tell you, the EEP program simply doesn't do the job, and particularly in light of recent concessions made in the GATT negotiations. We will not be competitive, period.

Now, that has a budget consequence. If North Dakota farmers have got to discontinue their sunflower production, they are going to put those acres into wheat. The more wheat we produce, the lower the price. The lower the price, the bigger the deficiency payment that will be owed to our farmers.

In fact, we have an internal memo that Mr. Roberts and I will be presenting to this subcommittee prepared within the ranks of the USDA that shows this is a wash. This isn't a budget savings. You eliminate the sunflower oil industry, you pay for it in wheat deficiency payments under the commodity credit program.

That is a thumbnail sketch of a very important issue, and I look forward to talking to you more about it, Mr. Chairman.

Mr. DURBIN. Congressman, I know you have to leave and I appreciate your dropping by. Maybe Mr. Kleingartner can come up now.

Mr. POMEROY. Great.

Mr. DURBIN. And just kind of back-up what you've said.

Mr. POMEROY. Thank you.

Mr. DURBIN. If you would like to leave, we understand.

Mr. POMEROY. I'm forced to leave.

Mr. DURBIN. I know. We will get a chance to talk about it a little later.

Mr. POMEROY. Yes. Thank you very much.

Mr. DURBIN. Thank you. Mr. Kleingartner, you've gotten an excellent introduction here by a friend of ours, so——

Mr. KLEINGARTNER. Yes, thank you. Thank you very much. I am Larry Kleingartner, and I am the executive director of the National

Sunflower Association, and we are located in Bismarck, North Dakota.

I would also like to introduce Jerry Calvani.

Mr. DURBIN. I saw him earlier.

Mr. KLEINGARTNER. I know you saw him earlier today.

Mr. DURBIN. He's everywhere.

Mr. KLEINGARTNER. He is everywhere, and as you know, he's from Carlsbad, New Mexico, a cotton producer.

Mr. SKEEN. What's the place again?

Mr. KLEINGARTNER. Carlsbad, New Mexico.

Mr. SKEEN. Oh, thank you.

Mr. KLEINGARTNER. I thought you might be interested in that, Mr. Skeen.

The companion program, there are two programs that we are talking about here and that is the sunflower oil assistance program called SOAP, and the cotton oil assistance program called COAP, and they are really sister programs.

I guess in essence of your time, Mr. Chairman, I'll not read the statement, I will just paraphrase a few major items that we think are important.

The two programs really go hand-in-hand, and the difference between these two programs and the export enhancement program are significant in the sense that back in the middle 80's when the export enhancement program was initiated, we tried to work our commodities into the export enhancement program, and quite frankly, weren't successful. The program just wasn't flexible enough for what we would consider two smaller commodities.

And with that, these programs were created. We eliminated considerable amounts of red tape of the interagency review process, and there are two significant differences in the language of the two programs.

The SOAP and COAP program talks about facilitating the sale of these two products, and the export enhancement program refers to an unfair trade practice, and so by bypassing that whole process, we have been able to utilize these programs to nearly the full extent possible.

They have operated very efficiently. Our ratio of percent of subsidy required to move the product is the lowest of any commodity operated by USDA under either the SOAP, COAP or the export enhancement program.

The bottom line, there are very few hoops to jump through, and I think the export enhancement people would love to have their program tailored after the SOAP and COAP program and we would be very, very supportive of that.

So shifting our programs to the export enhancement program really doesn't work, number one, for us. Number two, there wouldn't be any cost savings in our view, and as Congressman Pomeroy indicated, we do foresee a significant shift to sunflower acreage to the wheat program if indeed we lost our SOAP program.

In addition, we would incur a market loan cost, at least under the sunflower market loan, and back in 1992 when our program, our SOAP program got caught in a paperwork snafu, we incurred a $26 million cost in the sunflower market alone in a short period of time, and we think we can avoid that by utilizing the sunflower oil assistance program.

The majority of our oil gets exported, not so with cotton, but with cotton oil, the program is indeed significant as an outlet, and we have a short market window in both of these commodities, generally between October and about March 1st. If we don't move our product then, we're in deep trouble.

Again, that is why SOAP and COAP really allow us to move product in this window quickly because of the lack of the reduction of some of the hoops that need to be jumped through.

And finally, Congressman Pomeroy addressed this issue, the what we would call the Blair House II which is the other version of the export subsidy reductions under the Uruguay Round, provides additional exported tonnage of a number of products, and I think the administration basically gave in to some French demands, and with that, we were able to get additional tonnage of total oil to be exported under EEP, SOAP, or COAP.

That language, with that change in the Uruguay Round, if we don't finance these programs, we basically unilaterally have thrown in the towel, at least on the veg. oils point of view, certainly from cotton oil, and from sunflower oil.

So with that, Mr. Chairman, I would be happy to try to answer any questions, and Mr. Calvani would certainly be willing to answer questions relating to cotton seed oil.

Mr. DURBIN. Mr. Kleingartner, how long have these programs been around?

Mr. KLEINGARTNER. The sunflower oil assistance program was initiated in 1987, and I believe COAP was initiated in 1988.

Mr. DURBIN. What has been the change in acreage allocated to these two crops since the instigation of the programs?

Mr. KLEINGARTNER. I can speak more specifically to sunflower—our program, we were at about 1.7 million acres in 1988, I believe. We last year were at 2.8 million acres. That's over a million acre increase in acreage.

And we were flexible, some issues in terms of the 1990 farm bill allowed additional flexibility.

Mr. DURBIN. And you estimate that if the program is eliminated, you could lose 500,000 to a million crop acres in sunflowers, right?

Mr. KLEINGARTNER. We think 500,000 is a reasonable number that would be shifted back to wheat, and this would be basically in the 1990 farm bill flexibility part of the program where farmers now have the flexibility to shift some acres without being penalized.

Mr. DURBIN. But that would take you back to a level still in excess of pre-program planning.

Mr. KLEINGARTNER. It would be but our feeling is that we would be, that would be a maximum level. We would likely be——

Mr. DURBIN. Why isn't sunflower oil competitive in the world markets?

Mr. KLEINGARTNER. Because of what Europe has been doing with their rapeseed oil, and you probably heard this story a number of times with a number of commodities, but rapeseed oil out of the European common market, the EU, is the most significant aspect of undercutting world market prices.

Mr. DURBIN. Okay, Mr. Skeen?

Mr. SKEEN. Is the $50 million that we're talking about prorated between cotton seed and sunflower? What is it—50/50 or so?

Mr. KLEINGARTNER. It's really not prorated in the sense—we have never used the total $50 million combined.

Mr. SKEEN. Yes.

Mr. KLEINGARTNER. Initially I think there was an understanding there would be half/half, but cotton oil hasn't used quite as much as we have, and I think the total amount that we used, the largest amount is about $32 million combined in one year.

Mr. SKEEN. Jerry could answer this question, it hasn't had any appreciable effect as far as cotton production is concerned because that's been a byproduct anyway.

Mr. CALVANI. That does have——

Mr. DURBIN. Jerry, you will have to take the microphone.

Mr. SKEEN. Jerry Calvani.

Mr. CALVANI. It does that——

Mr. SKEEN. I'm sorry but I wanted to get a perspective.

Mr. CALVANI. It does add about $13 a ton to the value of cotton seed.

Mr. SKEEN. Which is a considerable amount.

Mr. CALVANI. Which is a considerable amount. It doesn't necessarily—we don't, it isn't necessary to have a shift in acreage, but it does add to the——

Mr. SKEEN. No, but it is a byproduct of cotton production and the ginning process.

Mr. KLEINGARTNER. It does add to the farm income.

Mr. SKEEN. The extraction of oil, and then you also sell a meal too, don't you?

Mr. KLEINGARTNER. Yes, we do.

Mr. SKEEN. So it is a contributing factor. There are how many million pounds that we produced?

Mr. KLEINGARTNER. I can't answer that.

Mr. SKEEN. You said tons? $15 a ton.

Mr. KLEINGARTNER. Yes, a ton.

Mr. SKEEN. How many tons? You don't have any idea? That's all right.

Mr. KLEINGARTNER. I can get it for you.

Mr. SKEEN. Thank you very much, both of you. Thank you.

Mr. DURBIN. Thank you.

[The information follows:]

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Earl Pomeroy
Congress of the United States
North Dakota

March 22, 1994

The Honorable Richard Durbin and Joe Skeen
Chairman and Ranking Minority Member
Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies
Committee on Appropriations
2362 Rayburn HOB
Washington DC 20515

Dear Chairman Durbin and Rep. Skeen:

We are concerned that the Administration's proposal to eliminate the Sunflowerseed Oil Assistance Program (SOAP) and Cottonseed Oil Assistance Program (COAP) will have an adverse impact on the federal budget.

Attached for your consideration is an internal Department of Agriculture memorandum that conservatively estimates that the elimination of the SOAP and COAP programs will yield no net savings. In fact, in our view, the USDA memo is a best-case scenario, and, if you trace all of the impacts of cancelling these programs, we believe that the end result will actually **increase** government outlays.

If the SOAP and COAP programs are folded into the Export Enhancement Program (EEP), the USDA estimates that sunflowerseed and cottonseed oil exports will fall by 30 to 35 percent. The USDA memo estimates that the resulting rise in domestic stocks and dampening affect on price would be mostly mitigated by a short sunseed crop--a result of last summer's flood.

However, under normal price assumptions and crop conditions, the sunoil industry estimates that elimination of the SOAP program would depress prices by 2-3 cents per pound, triggering loan deficiency payments under the sunflower marketing loan program. We would remind the Committee that when SOAP funding was temporarily not available in October-November 1991, loan deficiency payments on sunseed oil totalled $25 million.

While we believe the increased loan deficiency payments on sunoil to be significant, according to USDA, **"the most important impact of ending the SOAP/COAP programs on CCC outlays in FY 1995 may be from additional deficiency payments for other crops."** The USDA assumes that, in anticipation of the SOAP/COAP cancellation, 200,000 acres of production will shift from sunflowers to wheat, increasing wheat stocks by 7 million bushels and deficiency payments by $10 million. The sunflower industry estimates that in fact at least 500,000 acres will shift from sunflowers to spring wheat with a significantly greater increase in both domestic stocks and deficiency payments.

Last December, during the GATT negotiations in Geneva, the Administration made commitments to the U.S. oilseed industry that vegetable oil exports under the EEP, SOAP, and COAP programs would be carried out at whatever level necessary to maintain competitiveness prior to and during implementation of the Uruguay Round. Cancellation of the SOAP and COAP programs is a clear breach of that commitment.

However, even setting aside the issue of preserving internationally competitive growing and processing sunoil and cottonseed oil industries, we believe that elimination of the SOAP and COAP programs is a misguided effort that will actually increase government spending. We appreciate your consideration of our concerns.

Sincerely,

PAT ROBERTS
Member of Congress
Ranking Minority Member
Committee on Agriculture

EARL POMEROY
Member of Congress
Committee on Agriculture

Impact of Eliminating FY 1995 SOAP/COAP Funding

In the President's fiscal year 1995 budget, funding for the Sunflowerseed and Cottonseed Oil Assistance Programs (SOAP/COAP) would be eliminated. This memorandum summarizes the impact we would anticipate on USDA programs.

CCC Export Bonus Savings

Without SOAP/COAP funding for FY 1995, we would expect a significant drop in sunflowerseed oil and cottonseed oil exports. Based on our experience in operating these programs, we estimate that exports of these oils under USDA export bonus programs would be 30-35 percent below levels if SOAP/COAP were to continue to be funded. As the remaining SOAP/COAP sales would be shifted to EEP, we estimate a 30-35 percent reduction in export bonus sales would result in a net reduction in CCC export bonus outlays of about $10 million.

This estimate assumes that the criteria for targeting countries under EEP remain the same, i.e., a heavy emphasis on the trade policy effect of initiatives and strong concern about not impacting nonsubsidizers significantly. This would limit the shift of sales from SOAP/COAP to EEP since the criteria for selecting countries to target under SOAP/COAP are much broader than EEP, and countries to be targeted are not subject to interagency approval. There are several countries which are significant buyers under SOAP/COAP, particularly in Latin America, which would be difficult to target under EEP since they do not have a history of importing oil from the European Union (EU). There are other countries, such as Egypt, which are large buyers of vegetable oils but difficult to get approval in the interagency for significant quantities under EEP because of concerns about nonsubsidizers.

Additionally, because of the mandate in the SOAP/COAP legislation to make these oils competitive on world markets, SOAP/COAP sales are priced competitively against all major exporters of similar vegetable oils, including South America and the EU. EEP sales, on the other hand, may only be priced against EU vegetable oils, which due to seasonal factors at times sell at prices above those of South America. Also, the EU exports virtually no cottonseed oil and very little sunflowerseed oil. Therefore, using current price review procedures for EEP, it would be more difficult for U.S. sunflowerseed oil and cottonseed oils to be priced competitively under EEP than SOAP/COAP.

The situation is further complicated by the possible loss of Mexico as a target for U.S. export bonus programs for vegetable oil due to the continued threat of a countervailing duty action. This would, combined with the loss of SOAP/COAP, drop exports of these oils even further. The impact would be greatest on sunflowerseed oil since about half of SOAP sales are to Mexico.

It would be extremely difficult to find sufficient country targets for sunflowerseed oil using current EEP criteria to make up for such a loss. A drop in sunflowerseed oil exports, particularly to Mexico, also has repercussions for the GSM-102 credit guarantee program. Sales of sunflowerseed oil under GSM-102 to Mexico currently total about $30 million, which would have to be shifted to other commodities or other countries.

While elimination of SOAP/COAP would have some dampening impact on U.S. domestic cottonseed oil prices, a much greater impact would occur on sunflowerseed oil prices. COAP sales account for only 15 percent of domestic cottonseed oil production, but SOAP sales account for 75 percent of domestic production. With the high oil content of sunflowerseeds, the impact of reduced sales under SOAP, if not made up by sales under EEP, would be very significant on domestic sunflowerseed prices. The marketing loan program for sunflowerseeds could be affected by a drop in sunflowerseed oil exports, but the current tight supply and high prices for sunflowerseeds would tend to mitigate potential CCC outlays for at least the 1994 crop.

CCC Deficiency Payment Costs

The most important impact of ending the SOAP/COAP programs on CCC outlays in FY 1995 may be from additional deficiency payments for other crops. If sunflowerseed oil prices drop this spring in anticipation of SOAP/COAP elimination, it is expected some currently forecast 1994 planted area would be shifted into other competing crops, mainly spring wheat. However, this area shift from sunflowerseeds would be fairly small totaling only 100-300,000 acres, as relative returns are still favorable for sunflowerseeds. Nevertheless, a switch of 200,000 acres to wheat would add about 7 million bushels to wheat supplies and could reduce wheat prices by around one-half cent per bushel[1]. This could add about $10 million to wheat deficiency payments. This in the end would at least offset the expected $10 million savings in export bonuses by eliminating the SOAP/COAP program. Furthermore, a shift from sunflowerseeds to other program crops could be expected in 1995, with additional deficiency payment outlays.

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[1] Estimates made on February 8 by World Board, ASCS, and FAS analysts.

Congressman Earl Pomeroy
Introduction of Larry Kleingartner
Executive Director
National Sunflower Association

before the

Subcommittee on Agriculture, Rural Development,
FDA, and Related Agencies
Committee on Appropriations

March 22, 1994

Chairman Durbin, Mr. Skeen, members of the Subcommittee, I am pleased to appear before you today with Congressman Pat Roberts, Ranking Minority Member of the Agriculture Committee to express our concern over the Administration's proposal to eliminate the Sunflowerseed and Cottonseed Oil Assistance Programs (SOAP/COAP).

Mr. Chairman, from a budget perspective, elimination of the SOAP and COAP programs doesn't make sense. Cancelling the programs will dramatically reduce sunoil and cottonoil exports, in turn depressing prices, triggering marketing loan program payments, and shifting acreage into other program crops--increasing the stocks and deficiency payments for those crops. Attached to the letter from Congressman Roberts and myself before you is an internal memo from USDA that conservatively estimates that the elimination of SOAP and COAP will yield no net savings. The industry's own estimates indicate that elimination of these programs will in fact increase government spending.

Mr. Chairman, without the SOAP and COAP programs, our sunflowerseed and cottonseed industries will be eviscerated in international markets--markets that are vital to the survival of our growers and processors. As the Committee knows, the new GATT agreement requires that agricultural export subsidies be reduced from the 1986-90 base period--a time when European oilseed subsidies were in full throttle and SOAP and COAP were still in their infancy. Mr. Chairman, it is clear that even with the SOAP and COAP programs fully intact, the U.S. sunoil and cottonoil industries will continue to face international competition that is subsidized at a much higher rate.

Last December in Geneva, the Administration made commitments to the U.S. oilseed industry that vegetable oil exports under the EEP, SOAP, and COAP programs would be carried out at whatever level necessary to maintain competitiveness prior to and during implementation of the Uruguay Round. Cancellation of the SOAP and COAP programs is a clear breach of that commitment.

I commend the Committee for holding this important hearing. At this time, I am pleased to introduce Mr. Larry Kleingartner, Executive Director of the National Sunflower Association, and a distinguished North Dakotan.

STATEMENT BY LARRY KLEINGARTNER
EXECUTIVE DIRECTOR
NATIONAL SUNFLOWER ASSOCIATION

before the

SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT,
FDA, AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES

March 22, 1994

Good afternoon, Mr. Chairman, and Members of the Subcommittee. I am Larry Kleingartner, Executive Director of the National Sunflower Association in Bismarck, North Dakota. With me is Jerry Calvani, a cotton farmer from Carlsbad, New Mexico, and the current Chairman of the Board of Directors of the National Cotton Council.

I appear before you, Mr. Chairman, to offer reasons for continuing to fund the Sunflower Oil Assistance Program (SOAP) and the Cottonseed Oil Assistance Program (COAP). As you know, SOAP and COAP are funded in FY-1994 by a $50 million appropriation. A similar amount is provided for FY-1995 in this year's appropriations bill. However, the Administration is proposing a recission of all funding for next year, terminating both programs at the end of September.

The Administration claims that eliminating SOAP and COAP funding will save $50 million, and that exports of sunflower and cottonseed oil can be assisted, to the extent necessary, through the Export Enhancement Program. I will first address the viability of switching to EEP, and then discuss the savings estimate.

There are significant differences between the statutory authorities for SOAP/COAP and for EEP that have a tremendous impact on the operation and effectiveness of these programs. The goal of SOAP and COAP is "to facillitate the sale of additional quantities of sunflowerseed oil and cottonseed oil in world markets." EEP, on the other hand, is narrowly defined as a "response to unfair trade practices." In addition, SOAP/COAP authority requires that all funds made available in appropriations acts be used. EEP spending is discretionary above a $500 million floor.

The effect of these differences on program operation is substantial. SOAP and COAP allow U.S. sunflower and cottonseed oil to be exported to all world markets, and to be priced against various vegetable oils sold by different U.S. competitors. EEP sales are limited to countries where the U.S. competes against the European Union, which is the only country recognized by the U.S. as an unfair trader. Moreover, current EEP price review procedures would restrict the ability of U.S. sunflower and cottonseed oil to compete with rapeseed oil, which is the principal EU export oil.

The SOAP/COAP spending mandate allows USDA to bypass the cumbersome inter-agency approval process required for EEP sales.

Switching sunoil and cottonseed oil sales from SOAP and COAP to EEP would seriously impair program operation and reduce export opportunities. Since the EU exports little sunflower oil and no cottonseed oil, it would be more difficult to justify sales to a number of key SOAP and COAP markets. Competing with oil exports from Argentina and Brazil would be impossible whenever their prices are below those of the EU. Subjecting sales to the inter-agency review process would result in lost business and a higher bonus-to-sales-price ratio.

The Foreign Agricultural Service at USDA estimates that, as a result of these impediments, switching from SOAP/COAP to EEP would reduce
U.S. sunflower and cottonseed oil exports in FY-1995 by 30 to 35 percent. We believe this estimate is conservative. Even so, a one-third cut in sunflower oil exports would represent a lost market for fully one-fourth of annual U.S. sunflower production.

Mr. Chairman, the U.S. oilseed sector is already facing a GATT-imposed cut of 81 percent in the volume of oil allowed to be exported under EEP, SOAP, and COAP. This reduction will be made in equal 13 and one-half percent installments over the next six years, giving our industry little time to find alternative markets for over half a million metric tons of vegetable oil per year that will not be exported under these programs by the year 2000. This is a daunting task that will require a major investment by our industry and very possibly some form of government assistance. In the meantime, to more than double the cut in sunflower oil exports scheduled for next year by eliminating funding for SOAP would strike a crippling and possibly lethal blow to our small industry.

Cottonseed oil is 15 percent dependent on COAP exports, compared to 75 percent dependence of sunflower oil on SOAP. While shifting from
COAP to EEP would not represent as great a threat, the ability of the industry to sustain profitable prices for cottonseed oil depends on maintaining access to export as well as domestic markets. As I have indicated, EEP operation would seriously impair foreign market access for U.S. cottonseed oil.

Let me now briefly address the Administration's savings estimate for eliminating SOAP and COAP funding. The cost of these programs in FY-1994 is not expected to reach $30 million, short of the $32.1 million cost in FY-1993. With the GATT reductions starting in 1995, outlays are likely to decline further next year and in future years.

Assuming outlays of $30 million under SOAP/COAP, and if USDA's estimate of a one-third reduction in exports under EEP is correct, the actual savings from eliminating these programs would be $10 million. If the cumbersome EEP process resulted in higher bonus awards, the savings would be even less.

USDA also estimates that anticipation of reduced sunflower oil exports under EEP would cause sunflower prices to fall and shift 100,000 to 300,000 acres from sunflower production to program crops, particularly Spring wheat. A switch of 200,000 acres to wheat would add seven million bushels, reducing wheat prices by one-half cent per bushel and increasing wheat deficiency payments by $10 million in FY-1995. Our own estimate is that closer to 500,000 of the one million program crop acres planted to sunflower would switch, raising the cost in FY-1995 to $25 million.

If sunflower oil exports and sunflower prices fall substantially, additional outlays could be triggered under the sunflower marketing loan program. When SOAP funding was delayed at the beginning of FY-1992, loan deficiency payments totalled $26 million for the 1991 crop. While U.S. oil prices are currently high, a return to surplus conditions after this year's harvest could again pressure loan levels, particularly if exports are reduced.

In summary, Mr. Chairman, it is the EEP program, not SOAP and COAP, that is broke and needs to be fixed. Our programs are operating competitively and efficiently, with a lower bonus-to-sales-price ratio than commodities sold under EEP. Our sunflower industry is dependent on maintaining oil exports at 75 percent of annual production. We already have our hands full dealing with the export cuts required by GATT. With regard to program cost, USDA itself discounts any real savings from eliminating SOAP and COAP in FY-1995, and points to actual added costs after next year. And finally, losing a profitable sunflower industry would reverse recent efforts to encourage planting flexibility in farm policy, force a return to continuous wheat production, and eliminate a much-needed income opportunity for U.S. farmers.

We appreciate the opportunity to appear before the Subcommittee today. Thank you very much.

ENHANCING CORN GERM PLASM

WITNESSES

DAVID C. HARPER, HOLDEN'S FEED SEEDS, INC.

BILL KUHN, REGIONAL DIRECTOR OF COM-RESEARCH, PIONEER HI-BRED INTERNATIONAL

JIM PARKS, DIRECTOR OF RESEARCH, WYFFELS HYBRIDS

Mr. DURBIN. Let me tell the folks who are remaining on the list, we have to break at 7:00 and so if anybody can come back tomorrow, we would appreciate it. If you can't come back and you want to speak very briefly, we sure would like to hear from you.

And if you have an airplane to catch, you ought to raise your hand. [Show of hands.] [Laughter.]

Okay, all of you airline travelers. Whose got the first plane? Let's do the 7:40, and identify yourself and be as brief as you can. We will try to accommodate as many people as we can between now and 7:00 o'clock.

Mr. HARPER. David Harper, Holden's Seeds.

Mr. PARKS. I'm Jim Parks with Wyffels Hybrids in Illinois.

Mr. KUHN. I'm Bill Kuhn with Pioneer Hybrid in Des Moines, Iowa.

Mr. HARPER. This is the germ plasm enhancement proposal. I have five minutes that I was going to talk. Do you want me to cut it down?

Mr. DURBIN. Cut it down.

Mr. HARPER. All right. [Laughter.]

Mr. DURBIN. Never ask.

Mr. HARPER. I will need to speak faster or cut it down.

Thank you for hearing us today. Corn is a key resource within our country, the most widely cultivated crop in the United States, adding over $16 billion to the American economy as a raw material, and about 20 percent, or $3.2 billion is exported every year.

It is of course used as a basis for feeding livestock which provides meat, dairy and eggs, dairy products and eggs that effect everyone in our society.

All of this production is based on less than five percent of the corn germ plasm available in the world, and private companies are growing concerned about this narrow genetic base since it greatly increases vulnerability to unforeseen pest problems and may lead to an eventual yield cap.

Broadening the germ plasm base would provide genes to improve yields and protect against new disease, insect and environmental stresses, also resulting in reduced pesticide use.

In recent years, export markets, industrial processors, and other end users have begun demanding changes in grain quality to meet their changing needs. For example, of the approximately 107,100,000 metric tons of corn sold to foreign markets in 1992, 640,000 metric tons needed to be removed due to unacceptable quality.

It is likely that unique grain quality characteristics to meet these end users will be found in exotic germ plasm.

In addition, this germ plasm can provide many genes of interest for the emerging technologies in biotech.

In 1987, Latin American maize project was initiated to evaluate corn collections from various germ plasm banks. Twelve thousand accessions were evaluated, twelve countries were involved, and in successive stages, the top 268 accessions were identified.

These accessions ranged from temperate to tropical, and are prime candidates for enhancing the USA corn germ plasm base.

Most of this exotic germ plasm is unadapted to growing conditions in the U.S., and it will require a concerted long-term breeding effort to adapt it so it is usable in commercial breeding programs.

The total process of enhancement is too large and long-term for public institutions and/or seed companies to accomplish individually. The present proposal represents a joint USDA/ARS, land grant university, and industry effort to enhance these and other exotic accessions so that they can enter commercial corn breeding programs.

This project would serve a national need, so the primary effort and direction should come from ARS. Two sites would be involved, one in Ames, Iowa, and one in the South.

A number of corn researchers at various land grant universities and other ARS locations will also take part in the enhancement.

Industry is also involved. A total of 29 companies have pledged research nursery and yield plots to be used in this breeding effort. This kind support is valued at $450,000 per year.

The yearly budget for the two USDA/ARS locations and associated research totals $950,000 per year, and the copies of the budget were given to Mr. Foster.

Mr. DURBIN. Would either of you like to comment?

Mr. KUHN. No. We will be happy to answer any questions, I think.

Mr. DURBIN. Great. So this is a new project that you are proposing here.

Mr. HARPER. Yes, sir.

Mr. DURBIN. And you are suggesting that about a million dollars a year.

Mr. HARPER. Yes.

Mr. DURBIN. That you are looking for.

Mr. HARPER. Yes.

Mr. DURBIN. In two different locations, one in the Midwest and one in the South.

Mr. HARPER. Right.

Mr. DURBIN. And there will be support from the private sector under your proposal?

Mr. HARPER. About $450,000 per year.

Mr. DURBIN. What is it that ARS can add to this that you presently don't have the capacity to do yourselves?

Mr. HARPER. Private industry concentrates on developing products quickly and getting them to market, and we don't have the research funds to put into long-term research.

This type of program is a ten to fifteen year program to taking exotic germ plasm and adapting it into the United States, and so we need the public institutions, and we need the ARS to give direction and to provide the basic research, and then we would be providing research in conjunction with the ARS, and helping them in this.

Mr. KUHN. One comment I think we would like to make is that the Latin American maize project which was funded, that germ plasm is available in terms of being utilized by the South American countries, and so one thing that this does is it takes the Latin American maize project one step forward.

Now, that material is adapted to those locales, and this enables us, or will enable the U.S. to remain competitive and broaden their germ plasm base.

Mr. DURBIN. Thank you. Mr. Skeen.

Mr. SKEEN. Gentlemen, thank you very much.

Mr. DURBIN. Thank you for joining us. Thanks for your patience, and we will take a good look at this.

Mr. HARPER. Thank you very much.

Mr. KUHN. Thank you.

[The information follows:]

TO: Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Subcommittee on Appropriations, U.S. House of Representatives

FROM: ASTA Corn & Sorghum Basic Research Committee

DATE: March 14, 1994

SUBJECT: STATEMENT OF SUPPORT FOR THE PROPOSAL:

Strengthening the Germplasm Base of USA Hybrids by Enhancing Corn Germplasm

Summary: We are requesting $950,000 be appropriated annually for enhancing corn germplasm:

1. Corn is a key resource providing food, industrial uses, livestock feed, and export.

2. Corn production in the U.S. is based on less than 5% of corn germplasm available in the world. Broadening the germplasm base would provide genes to improve yields and protect against new disease, insect and environmental stresses.

3. Export markets, industrial processors, and other end users have begun demanding changes in grain quality to meet their changing needs. Exotic germplasm would be a source for these characteristics.

4. Most exotic germplasm is unadapted to growing conditions in the U.S. This proposal is a joint USDA/ARS, University, and Industry effort to adapt this material, so that it can be used by commercial breeders in the development of new hybrids to meet the demands of the American consumer and our foreign markets.

Background: Corn is the major crop on the cultivated land of the USA where approximately 75 million acres are planted each year. U.S. corn production, accounting for about half of the world's annual production, adds over $16 billion of value to the American economy as a raw material. About 20 percent ($3.2 billion) of this production is exported each year, thereby providing a positive contribution to the nation's trade balance. Approximately 17 percent of the yearly corn crop is industrially refined. A portion of refined products is exported resulting in an additional $1.4 billion in export. Through feeding livestock, the rest of the crop is processed into meat and dairy products that affect everyone in our society. Corn is a key resource within our country.

Concerns: All of this production is based on using less than 5% of the corn germplasm available in the world. Less than 1% of our commercial corn is of exotic (foreign) origin, and tropical exotic germplasm is only a fraction of that. This situation exists because private sector corn breeders have generally concentrated on genetically narrow based, or elite by elite, sources for their breeding efforts, since their use results in getting hybrids to the marketplace faster.

Traditionally, corn has been treated as a commodity , with 95% of production being traded on standard grades and prices. Therefore, farmers were mainly interested in high yields, and breeders have focused on breeding for higher yield levels. In recent years corn grain users and processors have become more interested in the quality characteristics of the grain itself and how this affects their business. Considering the approximately 107,100,000 metric tons of corn sold to foreign markets in 1992, 640,000 metric tons needed to be removed due to unacceptable quality (broken kernels and foreign matter). The poultry industry has become concentrated and technologically advanced in the past two decades, to the point where minor changes in raw materials can mean significant changes in final costs and profit. Processors are looking into changes in the starch composition of the corn grain that would enable them to refine it into new consumer products that they were unable to produce previously. Corn breeders have begun breeding for these various quality characteristics currently demanded in the marketplace in order to keep corn users, processors and farmers competitive at home and in export markets, and to provide consumers with safe and nutritious food products. Since much of the exotic germplasm has undergone selection for many indigenous uses (foods, beverages, etc.) by various cultures, it seems likely that new grain quality characteristics will be found in exotic rather than the narrow-based germplasm now used. A small increase in value to the grain, such as 10 cents per bushel, would increase its annual value by $800 million for an eight billion bushel harvest[1].

Breeders must still be concerned with breeding for higher yields so that U.S. corn farmers can remain competitive, marginal land can be put to better environmental use than growing row crops, and yields can be maintained under more environmentally sound farming practices and reduced pesticide use. Corn breeders are still making 1.5-2.0% per year gain for yield using these narrow based, U.S. adapted materials, but it is not known how long these gains will continue, or if a cap on yield may be reached. Private companies are growing increasingly concerned about their narrow germplasm pools. Tapping into the broader germplasm pool could provide new sources of genes for higher yield and other performance traits, such as disease and insect tolerance or improved stalk and root strength.

A further concern with a narrow genetic base is the potential for widespread disease or insect damage due to new diseases or insect species spreading into U.S. corn growing areas. It is more likely that resistance to these dangers would be found in genetically diverse exotic germplasm sources than in our breeding material. One major benefit would be reduced pesticide use. In addition to protection against diseases and insects, these exotic materials provide insurance for unforeseen climatic or environmental problems.

A great deal of excitement has been generated over the new techniques of biotechnology, especially over the potential value to the corn industry of gene transformation using genetic engineering. At this time, however, there are very few genes of interest available to transfer into elite corn varieties. Research conducted on exotic germplasm could yield many beneficial genes that genetic engineers could quickly transfer to commercial hybrids. These genes may give additional resistance to drought, disease or insect pests, as well as those that enhance the quality, nutritional and health benefits of the crop.

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[1] Salhuana, Pollak, Tiffany 1994. Public/Private Collaboration Proposed to Strengthen Quality and Production of U.S. Corn through Maize Germplasm Enhancement, Diversity Vol. 9, no. 4, 1993/Vol. 10, no. 1, 1994.

LAMP Project: What would be the source of this exotic germplasm? Over the years, collections of corn have been made from farmers' fields and other sources all over the world, and are stored in various germplasm banks. In 1987, the Latin American Maize Project (LAMP) was initiated to evaluate these corn collections (accessions). It was a cooperative effort among 12 countries to identify accessions that might provide valuable source material for further improvement in hybrid and open-pollinated cultivars in the U.S.A. and other areas. Pioneer Hi-Bred International gave USDA/ARS $1.5 million to fund the LAMP research.

Nearly 12,000 maize (corn) germplasm accessions were evaluated. In successive stages, the project identified the top 268 accessions. The environmental areas of adaptation for these 268 "elite" populations range from temperate to tropical, and are prime candidates for enhancing the U.S.A. corn germplasm base.

Germplasm Enhancement: Most of this germplasm is unadapted to growing conditions in the U.S. and requires genetic enhancement to make it adapted, or able to grow and mature in our environmental conditions. Enhancement basically means that these exotic materials will be bred with U.S. adapted materials and breeders will select progeny that carry the desired exotic traits and are also adapted to U.S. growing conditions. This will require a concerted long-term breeding approach of conversion and selective adaptation by corn breeders at numerous locations (environments) throughout the major corn growing regions of the U.S. Only after this process of enhancement will these exotic materials be ready to enter commercial corn breeding channels and be effectively utilized by a broad cross-section of the industry in the development of new hybrids for farmers and corn users.

The total process of enhancement is too large and long-term for public institutions and/or seed companies to accomplish individually. An ambitious task of this nature can only be completed through a coordinated and cooperative effort between the USDA/ARS, land-grant universities, and industry.

The Corn and Sorghum Basic Research Committee of the American Seed Trade Association has been concerned that enhancement of this exotic germplasm would proceed. The Committee consists of representatives from about 30 companies actively involved in the corn and sorghum seed industry, and it has, as part of its mission, the responsibility to determine the need for basic research studies and to catalog problems faced by the agricultural community in the production of hybrid seed and commercial corn.

At the committee's request, Dr. Linda Pollak, Research Geneticist, USDA-ARS, along with Drs. Major Goodman (North Carolina State University), Wilfredo Salhuana (Pioneer), Doug Tiffany (Pioneer), and Randy Holley (Northrup King), developed a proposal for enhancing exotic germplasm entitled "Strengthening the Germplasm Base of USA Hybrids by Enhancing Corn Germplasm". The proposal's objective is to develop enhanced exotic corn germplasm so it can be incorporated into applied commercial breeding programs, with the ultimate aim of improving and broadening the germplasm base of corn hybrids grown by American farmers. This effort would improve agronomic characteristics such as yield and pest resistance plus value-added traits. Starting materials will include the elite LAMP accessions as noted above.

Proposal Outline: Since this project would serve a national need, the primary effort and direction should come from the USDA/ARS. Two permanent USDA/ARS locations will be used as primary sites for enhancement breeding and coordination. One is at Ames, Iowa, where the USDA/ARS currently conducts corn evaluation and enhancement efforts. Dr. Linda Pollak, Research Geneticist, is presently located there. Dr. Pollak was the Principal Investigator of the U.S.A. for LAMP, and will be the lead scientist for this project. Along with enhancing the exotic germplasm, screening this germplasm for added-value traits such as improved starch and grain quality will be conducted at Ames.

The other permanent site could be the USDA/ARS location in Mississippi. The USDA/ARS sites in Mississippi and Tifton, Georgia work cooperatively on pest resistance in corn. A new Ph.D. position would be added at this location. This site would have responsibility for initial evaluation and conversion of the tropical materials. Tropical corn populations normally will not reach maturity in the Corn Belt, but will produce seed in Mississippi. After initial enhancement of the tropical materials in the South, they will be sent to Ames for further enhancement and testing in Corn Belt conditions.

A number of corn researchers at various land-grant universities and other ARS locations will also take part in the enhancement and evaluation of this exotic germplasm as time goes on. For example, screening for virus resistance would be conducted by Dr. Louie, USDA/ARS, Wooster, Ohio. This cooperative effort will be very important and will serve not only as a source of improved germplasm but provide excellent training for future plant scientists.

Industry is also involved. A total of 29 companies have pledged research nursery and yield trial plots to be used in this breeding effort. This in-kind support is valued at $450,00 per year.

An important component of the project will be a semi-annual meeting of all cooperators to evaluate progress and plan strategies. An informational network will be established to keep everyone up-to-date. A Germplasm Enhancement Technical Advisory Committee consisting of members from USDA/ARS, University, and Industry has been formed for guidance and administration of this cooperative effort.

The proposed germplasm enhancement project is public and will be open to all public sector institutions as well as private seed companies. Information will be freely available and publicly developed materials will remain in the public domain, accessible to all.

Budget Outline: The ongoing budget for the two USDA/ARS locations totals $950,000 per year (for detailed budget, see "Operating Budget" document).

Conclusion: Corn hybrids in the U.S. have a very narrow genetic base, utilizing only a small percentage of all available corn germplasm. This greatly increases vulnerability to unforeseen pest problems, and may lead to an eventual yield cap. Exotic corn germplasm could provide genes for resistance to pest problems and for increased yields. These exotic materials may also contain quality traits to meet new market demands. This will help ensure the U.S. maintains its world leadership in providing the best raw materials to meet the demand for the production of meat, eggs, milk, and many other food and industrial uses.

The LAMP project identified the top 268 corn accessions from among 12,000 populations evaluated. The present proposal represents a joint USDA/ARS, land-grant university, and industry effort to enhance these and other exotic accessions so that they can enter commercial corn breeding programs. The result of this cooperation will be an increase in the productivity, quality, and marketability of hybrid corn in the U.S. and for export, benefitting the farmer, the feed and processing industries, and the consumer.

Therefore, the ASTA Corn and Sorghum Basic Research Committee hereby requests the 103rd Congress of the United States to include funding of $950,000 for this corn germplasm enhancement project in the 1995 federal budget.

To: Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Subcommittee on Appropriations, U.S. House of Representatives

From: ASTA Corn & Sorghum Basic Research Committee

Date: March 22, 1994

Subject: Budget for the Proposal:

Strengthening the Germplasm Base of USA Hybrids by Enhancing Corn Germplasm

This document contains the yearly budget for the two USDA/ARS locations discussed in the corn germplasm enhancement proposal presented before the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Subcommittee on Appropriations, U.S. House of Representatives on Tuesday, March 22, 1994, at 5:00 p.m.

BUDGET

This is the operational and capital budget for the first two years, but in following years it will only be operational. The operational budget is divided into the central region that corresponds to Ames, Iowa (USDA-ARS) and the cooperators in the Central area, and the southern region that can be located at a USDA-ARS research unit where corn breeding already occurs, such as Mississippi or North Carolina.

ITEMS	FIRST YEAR	SECOND YEAR	THIRD AND SUBSEQUENT YEARS
TOTAL	950,000	950,000	950,000
TOTAL OPERATIONAL	590,000	873,000	950,000
SOUTHERN LOCATIONS	343,000	426,000	453,000
Personnel	145,000	145,000	145,000

One Ph. D. with benefits	60,000	60,000	60,000
Two technicians with benefits	60,000	60,000	60,000
Temporary help	25,000	25,000	25,000
Office/Field	**126,000**	**126,000**	**126,000**
Freight (seed shipments)	4,500	4,500	4,500
Supplies	25,000	25,000	25,000
Estimated Overhead (8% of dollars spent through Research Support Agreements, estimated as 60% of annual budget minus federal salaries, travel, winter nursery, capital equipment costs, and money for cooperative research agreements)	4,000	4,000	4,000
Communications (telephone and computer networking)	5,000	5,000	5,000
Equipment maintenance	6,000	6,000	6,000
Land rent/plot maintenance	15,000	15,000	15,000
Publication costs	1,500	1,500	1,500
Travel (three trips per year to winter nursery, field visits to outside locations and cooperation, and three scientific meetings per year to present research results, trips to annual meeting in Chicago and annual field trip)	25,000	25,000	25,000
Winter nursery (estimated at $5,500/acre land charge and $2,000/acre shipping charge for approximately 3000 rows	40,000	40,000	40,000
Specific Cooperative Agreement for public cooperators in southern locations [1]	**72,000**	**155,000**	**182,000**
CENTRAL LOCATIONS	**282,000**	**432,000**	**482,000**
Personnel	**70,000**	**70,000**	**70,000**
One M.S. technician with benefits for value-added trait analysis and help with data management	40,000	40,000	40,000
Temporary help	30,000	30,000	30,000
Office/Field	**112,000**	**112,000**	**112,000**

Freight (seed shipments to cooperators)	4,500	4,500	4,500
Supplies	25,000	25,000	25,000
Estimated Overhead (8% of dollars spent through Research Support Agreements, estimated as 60% of annual budget minus federal salaries, travel, winter nursery, capital equipment costs, and money for cooperative research agreements)	3,500	3,500	3,500
Communications (telephone and computer networking)	5,000	5,000	5,000
Land rent/plot maintenance	5,000	5,000	5,000
Publication costs	1,500		
Travel (three trips per year to winter nursery, field visits to outside locations and cooperation, and three scientific meetings per year to present research results, trips to annual meeting in Chicago and annual field trip)	25,000	25,000	25,000
Winter nursery (estimated at $5,500/acre land charge and $2,000/acre shipping charge for approximately 3000 rows	40,000	40,000	40,000
Data dissemination and communication with cooperators	2,500	2,500	2,500
Specific Cooperative Agreements for public cooperators in Corn Belt locations and for evaluating value added traits [2]	**100,000**	**250,000**	**300,000**
Meeting (support for public cooperators to attend annual meeting in Chicago and the annual field day, assuming 24 public cooperators with Specific Cooperative Agreements, each cooperator would receive 625 for travel expenses)	15,000	15,000	15,000
CAPITAL BUDGET	**310,000**	**77,000**	
SOUTHERN LOCATION	**310,000**		

Four row air planter	35,000		
Vehicles (2)	30,000		
2-row modifier combine	135,000		
Seed Counter	5,000		
Truck and Trailer (for moving combine and planter to other fields locations)	50,000		
Computer and printer	5,000		
Sheller (one bulk and one individual ear)	10,000		
Tractor	40,000		
Ames Location		**77,000**	
Equipment for amino acid analysis			
Tekmar grinder and blades		1,000	
Spectrophotometer		5,000	
Metabolic shaking incubator		2,000	
Equipment for starch analysis			
Differential scanning calorimeter		40,000	
Computer and printer		5,000	
Rapid Visco Analyzer includes sample canister/paddles and sensitivity modification (this will allow rapid evaluation for functional properties, we do not have access to a machine of this type, but it is being used successfully in rice breeding programs)		24,000	

[1] **Specific Cooperative Agreements for public cooperators in southern locations.**

Agreements for public cooperation can be made with universities and ARS scientists in North Carolina, Louisiana, Mississippi, Georgia, Texas, and Tennessee for following the enhancement protocol in cooperation with private cooperators and conducting yield trials. Tennessee can be used to evaluate genotypes for tolerance to the MDMV-A/MCDV virus tolerance that occurs in association with johnsongrass in the south, and for dry milling characteristics. Texas can be used to evaluate for alkaline cooking (for dry and wet masa applications important for domestic use and export to Mexico). Mississippi has expertise in evaluating for the insects southwestern corn borer and fall armyworm, and Georgia for aflotoxin. This assumes that nine Specific Cooperative Agreements would be made in the south, and that equal amounts of dollars ($20,000) would be involved in each.

[2] **Specific Cooperative Agreements for public cooperators in Corn Belt and Northern locations.**

Agreements for public cooperation can be made with universities and ARS scientists in many locations which could include the following states: Delaware, Ohio, Pennsylvania, Indiana, Illinois, Wisconsin, Kentucky, Missouri, Wisconsin, New York, Iowa, Michigan, Minnesota, North Dakota, South Dakota and Nebraska. Excellent virus evaluation can be made in Ohio, Delaware and Nebraska. Missouri has expertise in evaluating for the European corn borer, and cold tolerance evaluations can be made in the northern part of U.S. or in Alaska. The Iowa State University Center for Crop Utilization has facilities for evaluating for a wide range of value-added traits including grain composition and grain quality, and has pilot plants for wet milling and oil extraction. Assuming that each Specific Cooperative Agreement would be made for approximately $20,000, it would be possible to have 15 of the agreements for this area.

TUFTS HUMAN NUTRITION RESEARCH CENTER

WITNESS

IRWIN H. ROSENBERG, DIRECTOR, HUMAN NUTRITION RESEARCH CENTER ON AGING AT TUFTS UNIVERSITY

Mr. DURBIN. The next plane? Anybody before 8 o'clock? Okay, you are on. Please tell us who you are.

Mr. ROSENBERG. Thank you, Mr. Chairman. My name is Irwin Rosenberg and I'm the director of the USDA human nutrition research center on aging at Tufts University.

I will be very brief in my remarks because I have submitted my testimony.

Mr. DURBIN. And you've been here before.

Mr. ROSENBERG. And I've been here before, and I've expressed my gratitude to this committee for their foresight way back in 1978 in establishing a center which I think has emerged as the most distinguished center in the world in studying nutrition and aging, and I think we're all aware of the fact that the population of the world is changing very much in that direction.

We have in our years at the center identified many opportunities to apply human nutrition research, to identify ways in which we can improve the health and welfare of this aging population, and especially in a way that has the capacity to control these rising health care costs which are such an important part of our future challenge.

We have identified research that can lessen the cost related to osteoporosis, to cataracts. We have done research which has identified the way in which antioxidant nutrients in the diet can limit the cost and risk of cardiovascular disease, and indeed, I think have perhaps identified a new way of approaching the diet and heart connection, a very positive way that can use the nutrients in our diet to lessen the risk of disease.

Now, we've had excellent support over the years, but I think it is also fair to make the observation that at level funding for the past three years, and projected again next year, we have faced the decisions which have resulted now in having to curtail or drop at least three of our programs—limit our programs in cardiovascular research, in skin and aging, and also in exercise, nutrition and aging.

We have not been able to introduce a program which has had our highest priority for the past few years which is the new program in nutrition, aging and brain function which could be such an important area with respect to changes in function of our older population.

We can't afford to let our young people develop without the best nutrition that develops their brain, and I think we can't afford to let our aging population have absent the capacity to the best maintenance of their function.

We think that certainly a significant section of what we've been calling Alzheimer's disease and loss of cognitive function can have a nutritional basis, and I think we have research which can now be operationalized and put into practice which we think can have an impact on this area.

But we do need to have the resources to now take this research which has been developing over the years, and put it into practice so that it can improve not only the health of our population, but also prevent some of the needs for health care costs which are so important.

I do hope that the committee will have the opportunity to look at our request and to help us to achieve the continued progress which has been the basis for your past support, and we hope that we can continue to justify that.

Mr. DURBIN. The older this subcommittee gets, the more interest we have in your project. [Laughter.]

Mr. DURBIN. Mr. Skeen?

Mr. SKEEN. Immediately.

Mr. DURBIN. Thank you.

Mr. SKEEN. Thank you, Dr. Rosenberg.

Mr. DURBIN. We will take a look at your testimony.

Mr. ROSENBERG. Thank you.

Mr. DURBIN. I'm sorry that we had to be so curt and brief.

Mr. ROSENBERG. Thank you for the opportunity.

Mr. DURBIN. But here we are.

[The information follows:]

TESTIMONY OF

DR. IRWIN H. ROSENBERG
DIRECTOR
USDA HUMAN NUTRITION RESEARCH CENTER
ON AGING

TUFTS UNIVERSITY

BEFORE THE

HOUSE APPROPRIATIONS SUBCOMMITTEE ON AGRICULTURE

RURAL DEVELOPMENT, FDA, AND RELATED AGENCIES

MARCH 23, 1994

My name is Dr. Irwin H. Rosenberg, and I am Director of the USDA Human Nutrition Research Center on Aging at Tufts University (HNRCA). I am grateful to be able to appear before this Subcommittee once again and to recognize the foresight of this Subcommittee in establishing the Human Nutrition Research Center on Aging in 1978. The Human Nutrition Research Center on Aging has become the the premier institution in the world in research on the problem of nutrition and aging and nutritional needs of the elderly. The importance of this work is emphasized by the demographic changes in our society and in all other countries of the industrialized world from a population over the age of sixty-five of one in eight at present to what will soon be one in five in the early decades of the next century.

In no other country has the investment in new knowledge about diet and nutrition and aging been concentrated as we have done here at the Human Nutrition Research Center. We have been able, therefore, to identify opportunities for program of health promotion and disease prevention for our aging population built on solid new scientific observations in ways which may repay that investment many times over. I needn't remind this Subcommittee how important it is to understand how diet and lifestyle can prevent disability and disease and thus contribute to our ability to maintain health while controlling the rising cost of health care. Let me identify for you some of the exciting opportunities that have emerged from our work and on which we can build cost effective policies in future years.

Our center has been at the forefront of research on nutritional needs of women, with special attention to prevention of osteoporosis and fracture, a condition that results in an expenditure of over $10 billion a year in health care costs. HNRCA scientists have targeted specific times of the menopause for nutritional intervention with calcium and vitamin D, and trials here and abroad have shown that such interventions can substantially decrease the loss of bone leading to fractures and attendant disability and cost. Similarly, we have shown what types of physical exercise can maintain the strength of the skeleton and also contribute to the prevention of fracture and disability. Our research on antioxidant nutrients has sown the capacity of diet and nutrition to influence the loss of immunity with age which underlies susceptibility to infection and cancer. We have also shown that antioxidant nutrients in the diet can lessen the risk and progression of cataracts which result not only in disability for our elderly population but are also the most common reason for surgery among the elderly at a cost of some twelve percent (12%) of our entire Medicare budget. Recent research has identified the importance of certain B vitamins including folate, vitamin B12, and vitamin B6 as important factors in the prevention of arteriosclerosis, both of the coronary arteries and of the arteries to the brian. We believe now that we have a strong basis for using nutritional means to diminish further the risk of coronary heart disease and stroke. Coronary heart disease is the major cause of death in this country and cerebrovascular disease carries such a great toll not only in stroke and disability but in the decline of cognitive function which is associated so commonly with aging. Indeed, we consider it likely that some of the problems attributed to Alzheimer's disease can be accounted for by nutritional factors that may be accessible to intervention and prevention.

While we are most grateful for the support we have had in the past that has permitted us to make these important scientific contributions, we are cognizant of the budget limitations that have affected not only our own funding but that of the other four USDA Human Nutrition Research Centers. Our ability to continue to progress in developing cost effective programs for the prevention of disability and for the improvement of the quality of life of our older population, has been severely limited by these budgetary constraints. We have had flat dollar funding for the past three years. This has forced us to drop programs in cardiovascular and cutaneous biology and again, and to contract out exercise and nutrition programs. Most disappointing has been our inability to move forward with a proposed program in nutrition, aging, and cognitive function which might have potential impact on the quality of life for our older population. That program has been put on hold for lack of funds for the past three years. In the presence of continued level funding, we will not be able to proceed to mount a program that could form the scientific basis for identifying the most important nutritional factors which influence the changes in mental functioning, memory and decision-making of that growing population in its retirement years. We have solid scientific observations upon which to build such a program, but we need the resources to do so, and we are unable to find them in a budget that projects level funding for the fourth consecutive year. Just as the developing brains of our children and their leaning abilities are too precious to waste for want of appropriate diet and nutrition, so we must address similar relationships at the other end of the life-cycle.

While I speak on behalf of the Human Nutrition Research Center on Aging at Tufts University, I do recognize that we are part of an important network of ARS Human Nutrition Research Centers that also address other nutritional challenges in maternal and child nutrition, mineral nutrition, and nutritional assessment, among other topics. All of these centers need and deserve some increased appropriation to allow these programs to go forward and not slip back, losing the opportunity for the important investment that has been made over the last ten to fifteen years. We are at a point where the scientific developments in these centers can now be applied to programs to improve nutrition and health in the Mississippi Delta. It has already been shown that a modest investment in nutritional science can result in observations that can have a huge impact on national programs of disease prevention and health maintenance.

A recent study by the National Academy of Sciences and the Institute of Medicine identifies the need for a Presidential Initiative in Human Nutrition and Food Science and recommends updating the 1969 White House Conference on Nutrition which initiated so many important programs and healthful developments. I urge this Subcommittee to continue to show its leadership in recognition of the importance of investing in nutrition research for all the Human Nutrition Research Centers in the Agricultural Research Service. I particularly hope you will recognize the importance of the need for the additional $500,000 that will permit us to begin to reverse the trend of contracting programs and allow us to consider ways in which we can further develop our initiatives in nutrition and aging and cognition. We also seek funding that can apply our scientific insights to the population in a way that benefits its health.

Thank you once again, Mr. Chairman, for your past support and confidence. We continue to work to merit that support and confidence in the future.

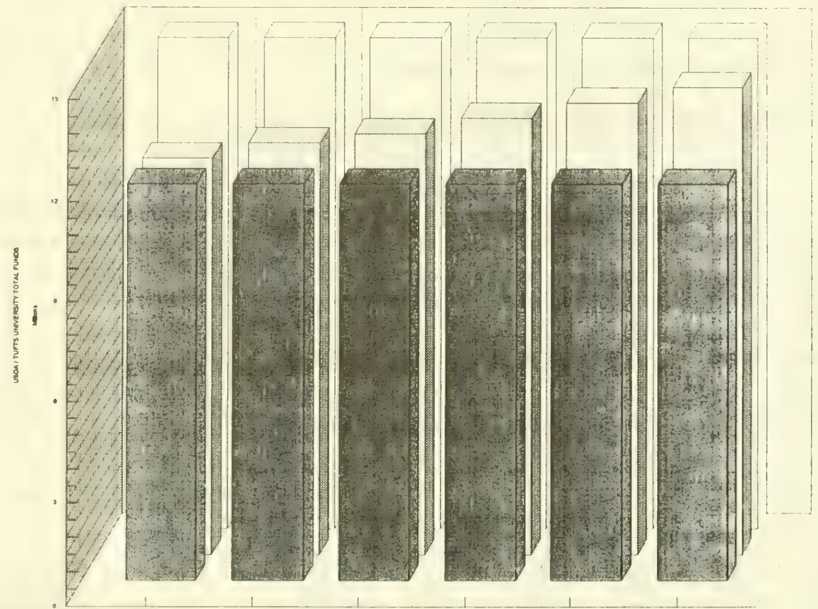
U.S.D.A. HUMAN NUTRITION RESEARCH CENTER ON AGING AT TUFTS UNIVERSITY
FINANCIAL ANALYSIS FOR FISCAL YEAR 1994 THROUGH 1999

TABLE I	BASE YEAR FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
FRINGE BENEFIT RATE	0.3100	0.3150	0.3200	0.3250	0.3250	0.3250
INDIRECT COST RATE	0.1600	0.1600	0.1500	0.1500	0.1500	0.1500
SALARY INCREMENTAL RATE	0.0300	0.0400	0.0400	0.0400	0.0400	0.0400
ANNUAL CPI	0.0350	0.0350	0.0350	0.0350	0.0350	0.0350

TABLE II	BASE YEAR FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
TOTAL APPROPRIATION TO LOCATION BOSTON , MA	14,571,000	14,571,000	14,571,000	14,571,000	14,571,000	14,571,000
USDA / ARS PROGRAMS / BOSTON	2,775,736	2,775,736	2,775,736	2,775,736	2,775,736	2,775,736
LEVEL FUNDED CONTRACT AT TUFTS :	11,795,264	11,795,264	11,795,264	11,795,264	11,795,264	11,795,264
SALARIES TUFTS	5,923,399	6,160,335	6,406,748	6,663,018	6,929,539	7,206,721
FRINGE BENEFITS TUFTS	1,807,367	1,940,506	2,050,159	2,165,481	2,252,100	2,342,184
TOTAL PERSONNEL EXPENSE TUFTS	7,730,766	8,100,840	8,456,908	8,828,499	9,181,639	9,548,905
TOTAL NON PERSONAL EXPENSE TUFTS	1,357,900	1,405,427	1,454,616	1,505,528	1,558,221	1,612,759
FACILITY REPAIRS (CAPITAL) TUFTS	400,000	400,000	400,000	400,000	400,000	400,000
PHYSCIAL PLANT EXPENSE TUFTS	975,001	1,009,126	1,044,445	1,081,001	1,118,836	1,157,995
INDIRECT COST TUFTS	1,331,597	1,331,597	1,157,910	1,157,910	1,157,910	1,157,910
TOTAL REQUIRED ANNUAL FUNDS TUFTS	11,795,264	12,246,990	12,513,879	12,972,938	13,416,607	13,877,569
**VARIANCE TO TUFTS LEVEL FUNDED BUDGET TO PROJECTED BUDGETS	0	(451,726)	(718,615)	(1,177,674)	(1,621,343)	(2,082,305)
RATE OF VARIANCE TO TUFTS BUDGET	0	3.83%	6.09%	9.98%	13.75%	17.65%
RATE OF VARIANCE TO LOCATION BUDGET	0	3.10%	4.93%	8.08%	11.13%	14.29%

**The combined budget erosion created by the application of economic factors are listed on TABLE I and TABLE II. The annualized total represents the additional annual funds required in order to maintain the base fiscal year 1994 research activity.

LEVEL FUNDED BUDGETS vs. PROJECTED TOTAL NEED



X-Axis	FY 1994	FY 1995	FY 1996	FY 1997	FY 1998	FY 1999
■ LEVEL CONTRACT FUNDED AT TUFTS	11,795,284	11,795,284	11,795,284	11,795,284	11,795,284	11,795,284
□ TOT REQUIRED ANNUAL FUNDS TUFTS	11,795,284	12,240,990	12,513,879	12,972,838	13,410,807	13,871,589
□ TOTAL APPROPRIATION	14,571,000	14,571,000	14,571,000	14,571,000	14,571,000	14,571,000

USDA REORGANIZATION

WITNESS

STEVEN M. HOLLIS, AMERICAN FEDERATION OF GOVERNMENT EMPLOYEES, AFL–CIO

Mr. DURBIN. Mr. Hollis.

Mr. HOLLIS. You have my testimony, Mr. Chairman. I do have a couple of other documents I would like to enter into the record with my testimony, with your permission.

Mr. DURBIN. If you would identify yourself for the record, Steve.

Mr. HOLLIS. I'm Steve Hollis. I'm with the American Federation of Government Employees, and I work at the Farmers Home Administration in St. Louis. I am assigned to the Infoshare project, and I'm a little different from some of the rest of your witnesses today. I'm not a congressperson. I hope that I still have my job next year, and——

Mr. DURBIN. So do we.

Mr. HOLLIS. Some of the things that I want to bring before your committee in fact may be things that will help you save some money instead of costing money.

One of the additional documents I would like to submit into the record is a joint position paper developed by four unions representing 35,000 USDA employees regarding the USDA reorganization as proposed by the administration.

We have raised a number of concerns that have not been addressed yet. The Secretary's reorganization objectives include refocusing and simplifying the department's headquarter structure on a mission-oriented basis, consolidating duplicate support staffs, and reforming the department's field structure.

Most of these proposals make a lot of sense, and our unions have offered to support them, but in return, we have asked the department to take the necessary steps to insure the most basic protection to its workers, the continuation of their union recognitions and agreements.

Without going through the details which are in my paper, suffice it to say that unless these issues are resolved very soon, USDA workers may lose their representation rights at the very time they need them the most.

Our unions may be bogged down in defending our very survival through costly litigation and costly elections, and there will be costs both to the department and the taxpayer, as well as to our unions, if that occurs. Precisely when we should be negotiating the details of the reorganization as it effects the workers that we represent.

The second issue has to do with the Secretary's proposal to interchangeably utilize and supervise federal and non-federal employees within the proposed Farm Service Agency.

This type of structure, to the best of our knowledge, is unprecedented in the federal government. Both field office employees and state directors have told us it will either create an administrative costly and legal nightmare, or it will, in its implementation, weaken the job security basic labor management merit system and EEOC civil rights protections of the current farmers home field office federal workforce.

One option would be to bring these non-federal ASCS county employees under the labor management and EEO provisions of Title V, but OMB probably wouldn't like that right now since they're trying to cut FTE's, even though the federal employees cost less than the county office employees.

A better solution would be to place the farm ownership and operating loan programs within the new rural economic and community development management structure instead of the farm service agency management structure.

The purpose of the FmHA farm ownership and operating loan programs is to create and maintain farming opportunities for beginning, restarting the minority and other family farmers with limited resources.

This mission of job and business creation is much more closely connected to the mission, if you will, of the rural development agency than it is to the mission of ASCS, SCS, or FCIC programs.

One stop shopping could still be provided through co-location in USDA service centers combined with the Infoshare program for integrating the computer systems. At the very least, we recommend, Mr. Chairman, that you require USDA to pilot test this unprecedented organization in one or two states before going nationwide with it.

As you know, Mr. Chairman, contracting out has increased a lot in USDA over the last 13 years, and many times without even a cost comparison, all again in the name of reducing government, but if it actually costs more and gets less service to the American people, what kind of sense does that make?

Partly as a result of your efforts, we have learned recently that USDA does not even keep records on these service contracts regarding the type of work that is contracted out, the number of contractor employees involved, or the labor costs such that a comparison could be made to the cost of performing the work using federal employees.

We urge you to require the department to immediately establish such a recordkeeping system, and also to require the department to negotiate with our unions on a streamlined cost-comparison approach which at least affords federal workers the opportunity to compete for the work.

It would be fiscally irresponsible to cut federal staff while spending more money to pay contractors to do less quality work.

President Clinton has mandated that the proposed reduction of federal workforce by 252,000 positions over five years should come from the top down, primarily by reducing the supervisors.

We support this goal as stated by the President, but will fight with all our resources attempts to impose these staffing reductions on the frontline workers at the bottom. I have previously provided to you, Mr. Chairman, some information regarding the current USDA reorganization plans that are not apparently meeting these goals.

If you refer to their fiscal 1995 budget summary and the projected staffing levels, if they reduce the supervisor to non-supervisor ratio by half, as the President has required, it would go from one out of ten supervisors, or in 1993, 11,215 supervisory employees, to 18 ratio, or one out of 19 employees at the end of 1998 would be supervisors which that would be 5,507.

Therefore, some 5,708 of the proposed 7,503 staff reductions in federal staff reductions should, if it is done in accordance with the President's directive, come from the higher paid supervisory and management ranks, and there's a cost savings there, if you take it from the higher paid people.

Mr. DURBIN. I want to ask you one quick question. Where did the President make this statement about reducing the supervisor ratio?

Mr. HOLLIS. It's in a Presidential Executive Order on streamlining the bureaucracy that was issued last fall. It's the one that——

Mr. DURBIN. If you've got it handy when you get back to your office——

Mr. HOLLIS. Sure. I think I've got one with me.

Mr. DURBIN. I appreciate it.

Mr. HOLLIS. The other thing that I'm going to leave for the record, if I may, is from a couple of our employees, and it is also in my written testimony about the specific problem with St. Louis.

Mr. DURBIN. All right, I appreciate it. Mr. Skeen?

Mr. SKEEN. No questions.

Mr. DURBIN. Thanks for joining us and for your patience.

[The information follows:]

American Federation of
Government Employees, AFL-CIO

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Statement of Steven M. Hollis

Legislative & Political Action Chair,

Local 3354

American Federation of Government Employees (AFL–CIO)

before the

Subcommittee On Agriculture

House Committee on Appropriations

on

FY 1995 Appropriations

Tuesday, March 22, 1994

CONGRESSIONAL TESTIMONY

Mr. Chairman and Subcommittee Members, my name is Steve Hollis, and I am a national spokesperson for the AFGE Network of USDA locals and an AFGE representative to the USDA Partnership Council. I work for the Farmers Home Administration Service Center in St. Louis, Missouri, and am assigned to the Department's Info Share program.

The Department of Agriculture's FY 1995 budget proposals are based on the proposed USDA Reorganization Plan currently being considered by your colleagues on the Agriculture authorizing committees. In January, union leaders representing 35,000 USDA workers reached consensus on those issues which we feel must be addressed prior to passage of the USDA Reorganization Act in order to protect and enhance the ability of our experienced and dedicated front-line civil servants to deliver quality services in the most efficient manner. With your permission, Mr. Chairman, I would like to include the Joint Position Statement of our unions in the record.

The issues in the position statement were presented to the Department through the USDA Partnership Council. In late February, AFGE National President John Sturdivant and American Federation of State, County and Municipal Employees (AFSCME) International President Gerald McEntee reinforced our concerns in a letter to Secretary Mike Espy, which I would also like to include in the record, with your permission. To date, the Department has taken no positive action on these requests.

Unless these concerns are satisfactorily addressed, the Administration's initiative to launch the National Performance Review's (NPR) "reinventing government" program through a successful reorganization of USDA could have the unintended effect of seriously weakening the role of unions at a time when the President and Vice President have committed to strengthening that role through Labor-Management Partnerships. Therefore, I would like to summarize our concerns in the hope that your Subcommittee can use its "power of the purse string" to work with the Administration and your Congressional colleagues to make sure that USDA Reorganization does not derail the promise to achieve a government that works better and costs less.

1. CONTINUATION OF UNION RECOGNITIONS AND AGREEMENTS

The Secretary's reorganization objectives include refocusing and simplifying the Department's headquarters structure on a mission-oriented basis, consolidating duplicating support staffs, and reforming the Department's field structure. Most of these proposals make a lot of sense, and our unions have offered to support them. But in return, we have asked the Department to take the necessary steps to ensure the most basic protection to its workers -- the continuation of their union recognitions and agreements.

These most basic interests of USDA workers and their unions include:

- continuation of our current union recognitions, collective bargaining agreements, and dues withholding agreements during the reorganization until new recognitions and agreements are in place;

- the continuation of labor recognitions and bargaining relationships wherever the majority of workers in a new Departmental unit are currently represented by one union, whether the minority in the new unit were previously organized or unorganized -- and without costly litigation, which should not happen at all, or elections, which should only have to occur in those cases were there is no clear majority bargaining relationship in the new unit.

The first of these interests could be resolved through a labor-management agreement at the Department level. Unfortunately, current Federal Labor Relations Authority (FLRA) case law indicates the second interest will be impossible to accommodate without a legislative mandate, even if both labor and management agree to continue such recognitions. For this reason, we have asked the Department to support an amendment to the USDA Reorganization Act, which would grant continued recognition to USDA unions in such circumstances. Despite an "agreement in principle" to these union concerns, the Department has so far opposed any such amendment to the legislation and has not reached any such agreement with its unions.

Unless these issues are resolved very soon, USDA workers may lose their representation rights at the very time they need them the most. Our unions may be bogged down in defending our very survival through litigation and elections precisely when we should be negotiating the details of the reorganization as it affects the workers we represent.

2. FEDERAL AND NON-FEDERAL USDA EMPLOYEES

The Secretary's proposal to "interchangeably utilize and supervise" federal and non-federal employees within the proposed Farm Service Agency field office structure is unprecedented in the federal government. Both field office employees and State Directors have told us it will either create an administrative and legal nightmare; or it will, in its implementation, weaken the job security and basic labor-management, merit system, and EEO/Civil Rights protections of the current FmHA Field Office federal workforce. We believe it will also limit the ability of USDA to target effectively target the Farm Ownership and Operating Loan programs to minority and limited resource farmers. The ASCS County Committees tend to be controlled by the same type of "million dollar" farmers who were involved in the abuses which were reported recently in the *Washington Post.*

Our option would be to bring these non-federal employees under the labor-management, merit system, and EEO provisions of Title 5, but that would go against OMB's drive to reduce federal staff years. A better solution would be to place the farm ownership and operating loan programs within the new Rural Economic and Community Developments management structure instead of the Farm Service Agency management structure. The purpose of the FmHA farm ownership and operating loan programs is to create and maintain farming opportunities for beginning, restarting, minority, and other family farmers with limited resources. This mission of job and business creation is much more closely connected to the role of the proposed rural development agencies than it is to the role of the ASCS, SCS, or FCIC programs. One-stop shopping could still be provided through co-location in USDA Service Centers combined with the Info Share program for integrating the computer systems.

At least, we recommend that you require USDA to pilot test this unprecedented organization in one or two states before going nationwide with it.

3. CONTRACTING OUT OF WORK THAT COULD BE PERFORMED BY USDA EMPLOYEES

During the past 13 years an increasing amount of work which could be performed more effectively by USDA employees has been contracted out without even performing a cost comparison, in the name of "reducing government". If our goal is to build a new USDA that truly works better and costs less, then the 11,000 service contracts, which use taxpayers's money to pay contract workers to perform USDA services, should also be put on the table for review and reduction wherever it would be more cost effective for federal workers to do the work.

We have learned that USDA does not even keep records on these service contracts regarding the type of work that is contracted out, the number of contractor employees involved, or the labor costs such that a comparison could be made to the cost of performing the work using federal employees.

We urge you to require the Department to immediately establish such a record-keeping system for both current and future service contracts in excess of $25,000. We also urge you to require the Department to negotiate with our unions a streamlined cost comparison approach which at least affords federal workers the opportunity to compete for the work. To accommodate a legislative department interest, short–term service contracts used to meet bona–fide emergency situations, or to provide temporary expertise of unbiased judgements in one–time situations, could be excluded form the cost comparisons.

4. STREAMLINING THE MIDDLE MANAGEMENT BUREAUCRACY

President Clinton has mandated that the proposed reduction of the federal workforce by 252,000 positions over five years should come from the top down -- primarily by reducing the supervisor–to–nonsupervisor ratio by at least one half over five years. We support this goal as stated by the President, but will fight with all our resources attempts to impose these staffing reductions on the front–line workers at the bottom.

The current supervisor–to–nonsupervisor ratio in USDA is approximately 1:9. Using the Department's Staff Year Estimates on page 12 of its 1995 Budget Summary, that means that, as of 1993, there were approximately 12,587 supervisory employees, including Non–Federal County employees. The President has mandated that agencies reduce the supervisory ratio by half over five years. Therefore, USDA should reduce its ratio to 1:18 by 1998. We urge you to require the Department to meet this target as it streamlines its operations.

5. A SPECIFIC PROBLEM IN ST. LOUIS

The Department's FY 1995 budget proposes to transfer approximately one–third (or 245) of the FTEs currently assigned to the FmHA–St. Louis service center to the FSA. The St. Louis service center itself is scheduled to become part of Rural Housing and Community Development Service (RHCDS). Although not referenced in the Department's budget summary, the commitment has been made to continue for an interim period, to provide automation and accounting support reimbursable under a memorandum of understanding.

For the past several years, the FmHA provided support services to the Rural Development Administration through a memorandum of understanding. However, in that case, the FTEs and the S&E funding were provided to FmHA in the budget and appropriations laws, not to RDA.

Managers and workers in St. Louis are very concerned that, if the S&E funding and the FTEs are transferred to the FSA, there will be nothing to prevent the FSA from unilaterally terminating a memorandum of understanding with RHCDS at the earliest opportunity. We request that you change the budget proposal to appropriate the S & E funds to the RHCDS.

Employees in St. Louis are going to face a 10% reduction in jobs over the next five years along with other USDA administrative operations. It would be grossly unfair for us to also face the additional 30% loss of jobs which is threatened by this transfer of 245 FTEs to the FSA.

6. PROGRAM BUDGET CONCERNS

There are also several areas in which we object to the Clinton Administration's proposal to cut effective USDA programs:

- While the Direct Section 502 local level is maintained at $1.8 billion, the basis for interest credit subsidy would be changed from 20% of income for principal, interest, taxes and insurance, to 30%. The result will be exclusion for most very low-income families or shelter payments of 40–50% of income for such families.

- Section 515 rural rental and cooperative housing funds would be reduced from $540 million to $220 million (59.3%). This is the one major rural housing program able to serve the poorest of the poor.

- Section 514/516 funding is essentially frozen at 1994 levels. Meeting farmworkers housing needs will be extremely difficult at this funding rate.

- The budget supports continuing the shift from direct to guaranteed loans. This is very troubling. We hope that it is more a goal of the OMB and will not become a reality.

- The budget's reduction of funding for conservation cost-share programs cuts one of the few programs that really help farmers move towards more sustainable and environmentally sound practices.

- The proposal to zero out the mediation program goes against a NPR recommendation. This small ($3 million) program has provided valuable federal matching funds for 18 state mediation programs. There are now efforts within USDA reorganization to expand the scope of mediation to other conflicts with USDA.

- The Minority Outreach and Education Program, which we strongly support, did get a budget request of $5 million which is $2 million more than its FY 1994 funding level, yet still only half of the $10 million authorized in the 1990 Farm Bill.

That concludes my testimony. I will be happy to answer any questions.

TEAM USDA UNIONS

JOINT POSITION PAPER ON USDA REORGANIZATION

January 28, 1994

American Federation of Government Employees (AFL-CIO)
American Federation of State, County, and Municipal Employees (AFL-CIO)
National Federation of Federal Employees
National Treasury Employees Union

Background

Key leaders of the approximately 50,000 USDA workers represented by AFGE, AFSCME, NFFE, and NTEU met in Washington on January 18-20 to establish consensus on the issues and organizational structure required for us to speak with one voice regarding the pending USDA Reorganization legislation. Those who met are identified in an Attachment.

USDA is the face of the federal government in many parts of this country. How the Administration and Congress approach reorganizing USDA will mold public opinion about "reinventing government".

For the past 13 years or more, we have been subjected to attacks on our pay, benefits, job security, and working conditions because of negative public opinion created by policies and attitudes promulgated from "on high" which have prevented us from serving our customers well. We want to change public opinion about government and government workers. We want to "do reinvention right" at USDA.

We support Secretary Espy's goal to "reengineer the Department to improve customer service and save the taxpayers money". Reengineering (or reinventing) work processes to improve customer service and save the taxpayers money can only be successful, however, when it is done in partnership with the front-line workers who actually do the work, and in consultation with the customers we serve.

The President's Executive Orders on Labor-Management Partnership, Customer Service Standards, and Streamlining the Bureaucracy recognize and mandate federal agencies to implement these basic principles for re-engineering the way government works. They recognize that we cannot determine which activities and work processes "add value" in terms of customer satisfaction, and which do not, without surveying and consulting with the customers. And, as President Clinton stated to the AFL-CIO, many of the changes which need to be made in work processes to improve customer satisfaction and save money are changes which front-line workers have urged for years, but management has not listened.

USDA has not fully implemented these Executive Orders with respect to the planning of the reorganization. Our unions have not been involved as full partners in USDA's reorganization planning. Had we been, the Department's reorganization plan would be different in many details.

However, the House Agriculture Subcommittee on Department Operations and Nutrition is moving forward to mark up the USDA Reorganization Act. In this context, our unions have reached consensus on the fewest possible needs and concerns which we feel must be addressed from a USDA employee perspective in order for us to give full support to USDA Reorganization legislation.

Protecting current levels of union representation

a. Succesorship

Under current federal labor law, many of the existing union bargaining units would be "voided" by the changes in organizational structure which have been proposed. If the appropriate language is not included in the reorganization legislation, our unions will have to undertake the time and expense of reorganizing these units.

H.R. 3171 includes "successorship" provisions for the Administration's current political appointees. It is only fair that language assuring union successorship is included as well. Without such language, we see the reorganization as threatening union survival.

We have reached consensus among our unions on the following approach to this issue:

* When bargaining unit employees are transferred to a unit which is unrepresented, and only one union is involved, then the prior recognition will stand.

* When bargaining unit employees are transferred to a unit which combines units currently represented by more than one union, then the union which represents two-thirds of the employees shall remain as the exclusive representative.

b. Related Concerns

When functions are transferred from one organizational structure to another, as proposed, there are related concerns: Will the employees performing those functions also be transferred? Will the employees so transferred be protected with respect to their jobs and pay? What will happen to existing collective bargaining agreements? Will

USDA negotiate the details of the reorganization and transfers with the unions prior to making all the decisions? Will the employees even still be covered by the labor-management provisions of Title 5? We seek legislative language to assure that

- USDA negotiates prior to transferring functions
- collective bargaining agreements in place at the time of reorganization continue until such time as terminated in accordance with law
- when functions are transferred, the employees performing those functions will also be transferred, and that non-supervisory employees so transferred will not be separated, downgraded, or reduced in compensation for two years
- if employees covered by the labor-management provisions of Title 5 are transferred to a unit with employees that are not so covered, the unit will thereafter be subject to the labor-management provisions of Title 5.

Section 102 of H.R. 3171 proposes that FmHA Field Office Federal workers be "used and supervised interchangeably" with ASCS County Office employees. County Office employees are not covered by the Federal Labor-Management Relations Statute; FmHA federal employees are. County Committees and County Executive Directors are not covered by the Affirmative Action and Workforce Diversity laws and regulations as are federal employees. Though there is much room for improvement in FmHA's workforce diversity, there is generally more such diversity within the FmHA field office structure than within the ASCS County Office structure for this reason.

Within the parameters of the current USDA Reorganization legislation, the only options being considered are either to get rid of FmHA Field Office federal employees "by attrition" until all FSA county-level employees are employees of the County Committees; or to maintain two distinct groups of workers, with two distinct lines of management, two distinct "personnel manuals", etc., within the Farm Service Agency. Maintaining two personnel systems within the FSA field structure builds in inefficiency and bureaucracy. FmHA Field Office employees are adamantly opposed to being supervised by the County Committees. They fear that career promotional opportunities and workforce diversity protections would be lost in favor of ASCS County Office employees.

ASCS County Office employees could be legislatively changed to federal employment, but there are obvious disadvantages to that.

The federal labor-management provisions of Title 5 could be extended to cover ASCS County Office employees. This makes sense in that all workers should have collective bargaining rights, especially as we move to this new era of labor-management partnerships. The only disadvantage is the short-term fact that ASCS County Office employees are not currently organized as a bargaining unit under Title 5. This could also become a jurisdictional issue with the Post Office and Civil Service Committee.

Our unions have agreed that what makes the most sense is to place FmHA farm ownership and operating loan programs within the Rural Community and Economic Development mission area. There are many benefits to this approach:

- All FmHA Field Office personnel would remain federal employees and current bargaining units would not be disrupted.
- It would remove the "battle" currently going on over FTEs in ASCS vs. FTEs in FmHA's programs targeted to the rural poor.
- There is also strong support among the family farm, minority farm, and rural constituency groups for keeping all FmHA programs under the RCED mission area. The FmHA farm credit programs are really more similar to the other rural development programs in their mission than they are similar to the ASCS and FCIC agricultural commodity, price support, and risk management programs. Small, socially disadvantaged, minority, beginning and restarting farmers fear their interests would be lost under the FSA as proposed.
- One-stop shopping for customers could still be provided through the appropriate collocation of functions into USDA Service Centers. As noted above, the very low, low, to moderate income customers of FmHA's farm credit program have more in common with the other customers of RCED than they do with most of the customers of the proposed FSA.
- There are more efficiencies that can be achieved in the layers of bureaucracy by keeping these federal workers together in one mission area and keeping the ASCS County Office employees in a separate mission area.

Eliminate contracting out of work which can be performed by USDA workers

Over the past 13 years many decisions were made to contract out work that could be done by USDA workers merely because it created the impression that government was being reduced and costs were being cut. Nothing could be further from the truth. There are many cases in USDA where it has cost much more to contract out than had the work been performed by government employees. The true number of employees whose work is funded with tax dollars is hidden from the public. In addition, contracting out adds another layer of bureaucracy between USDA customers and program delivery.

In many cases, USDA hasn't even done cost comparisons -- either before or after contracting for program delivery services in the field or for computer support services at the national and administrative levels. It would only be fair -- to us and to the taxpayers -- to at least require cost comparisons on all contracts for services and to ensure that USDA employees do the work wherever that would be more cost effective. These cost comparisons should take into account the costs associated with government employees performance of contract administration functions when they could be directly performing program delivery functions.

We ask the Administration and Congress to work with us to:

* Bring the true costs of operating our programs onto the reorganization table by identifying all activities which could be performed by government employees which are currently contracted out, the costs of those contracts (labor and other direct costs), the numbers of contractor employees working at taxpayer expense under those contracts, and the full costs of having USDA employees administering those contracts instead of performing direct program delivery functions.

* Support amendments to the reorganization legislation that would assure that USDA workers perform the activities wherever that is more cost effective.

Protecting and Enhancing the Ability of Non-Supervisory Front-line employees to deliver quality services in the most efficient manner

The reorganization plans which we have seen so far do not appear to be fulfilling the spirit and intent of the President's Executive Order on Streamlining the Bureaucracy. Our National Unions have informed us that these cuts are aimed at the management ranks in order to give greater power to frontline workers to make their own decisions on the job, and that we will oppose with all of our resources any job cuts that hurt frontline federal workers.

We support early-out and buy-out incentives for management to leave federal employment. If Congress does not quickly pass the government-wide legislation, we request that early out/buy out provisions be added to the USDA Reorganization legislation.

In any case, supervisors should not be allowed to bump non-supervisory employees out of a job or into a lower-paying job.

We seek Administration and Congressional commitment that there will be no involuntary separations of non-supervisory USDA workers (except for cause), and that non-supervisory workers whose current positions may be eliminated as regulations are simplified and administrative functions are consolidated will receive adequate re-training opportunities for placement in the types of positions which add more value in terms of customer service delivery.

Attachment 1

KEY USDA UNION LEADERS COMMITTED TO "TEAM USDA" UNION SOLIDARITY

Eugene Phillips (NFFE Local 858, Headquarters and Kansas City FCIC, Member, USDA Partnership Council)

Steve Hollis (National Spokesperson, USDA Network of AFGE Locals; Member, USDA Partnership Council)

Rick Bowman (NTEU Chapter 264, Kansas City Complex ASCS)

Bill Dallas (AFGE Local 3354, FmHA-St. Louis)

Cynthia Reese-Foxworth (AFSCME Local 3870, Headquarters FmHA)

Gini Gerbasi (AFSCME Local 3925, Headquarters ASCS)

Ed Euell (NTEU Chapter 226, Food & Nutrition Service Headquarters)

Joe Marshall (AFGE Local 3147, Agriculture Research Service, Beltsville, Md.)

The following additional key union representatives were unable to attend the "Team USDA" Union meeting but were included in our consultations via telephone:

Dave Carney (AFGE FSIS Council, Member, USDA Partnership Council)

Larry King (NFFE Forest Service Council, Member, USDA Partnership Council)

Clyde Evans (AFGE Local 2831, New York/New Jersey FmHA, Member, FSA Service Delivery Task Force).

TO: Lynnett Wagner
FROM: Don Franck
DATE: February 1, 1994

RE: Office of Information Technology Services

ISSUE:

Farmers Home Administration (FmHA) personnel are being excluded from the long term administration of FmHA Farm Home Loan Programs being transferred to Farm Service Agency's (FSA) Office of Information Technology Services (OITS).

The Executive Summary for OITS (01/06/93 Draft) proposes that no FmHA IRM personnel will become a part of FSA. Rather, approximately 100 FmHA FTE's associated with software development for Farm Home Loan Programs will initially administer these programs on a reimbursable basis. Concurrently, the new OITS staff, with vendor support, will rewrite these applications. When completed, OITS will assume responsibility for these Farm Home Loan Programs and the FmHA personnel are offered as OITS' 10% reduction in staff.

PROBLEM:

First, FmHA is as willing as the next Agency to take its fair share of reductions in force, but to ask FmHA to take all reductions for the new FSA OITS is unjust and inequitable. Besides, for continuity and sustained customer service, FmHA personnel should continue indefinitely to administer FmHA programs on a reimbursable basis.

Second, the reengineering of these applications must be done by FmHA personnel who have administered these programs for years and are knowledgeable of the intricacies of these applications. It would be extremely imprudent to exclude those with the most expertise from this reengineering process.

Third, the administration of FmHA Farm programs are tightly intermingled with other types of loans such as Community Facility and Housing. There exists no clear-cut means to easily delineate Farm Program support personnel from the other loan programs. To simply eliminate these 100 employees when they are no longer deemed necessary for Farm Programs is not a reasonable alternative. This would be very disruptive for the Rural Housing & Community Development Service Agency (RHCDS), which is slated to take the other loan programs from FmHA, because the other loan programs depend upon these employees every bit as much as the Farm Programs.

Finally, the whole idea of increased vendor support is in direct conflict with the supposed objective of an overall 10% reduction in FTE positions. The best assumption is that you simply trade FTE salaries for contractor expenses, but in reality, vendors are usually much more costly. In addition, there are numerous instances in recent history where overambitious vendor contracts have cost the Government a great deal of money and provided few if any concrete results.

RECOMMENDATION:

FmHA's Farm Home Loan Program automated accounting systems should continue to be supported and reengineered by St. Louis personnel through a permanent reimbursable agreement between FSA and RHCDS. Additionally, if there is to be an overall 10% reduction in staff, let all Agencies contribute their fair share.

Finally, the apparent over reliance on vendor support should be closely scrutinized. Contractor positions should be the first to be eliminated before any USDA personnel are terminated. Besides, even the best of contractors possess only technical skills. There is no way these short term people can amass or utilize the intricate functional and technical knowledge and expertise which only years of dedicated service can bring.

ISSUE PAPER
Submitted by Linda Kolley, FmHA union representative
to the FSA Controller Working Group
on January 29, 1994, revised February 4, 1994

Issue: The Farm Services Agency (FSA) Controller's Reorganization Proposal dated December 1993 states that "The financial management functions associated with the Farmers Home Administration's (FmHA) loan making functions which are being transferred to the FSA will be performed in St. Louis by the new Rural and Economic Community Development agency (RECD) on a reimbursable basis. . . . A strategic plan will be developed jointly by FSA and RECD for the **eventual migration** of these financial functions and related systems (farm programs of FmHA) to the FSA." (Emphasis and clarification are mine.)

At issue is the loss of jobs in St. Louis when the reimbursable agreement ends, and the functions "migrate" to Kansas City. This significant loss of jobs (143 in the Finance Office and 102 in ISM) may result either because the FSA would not accept the incumbents with the corresponding FTE's or because employees would not be able to move to Kansas City.

Proposed Alternatives:

Alternative #1: Eliminate the migration of the functions to FSA in Kansas City. Using the future FmHA/RECD and FSA Partnership Councils, develop a **permanent** reimbursable agreement. The service could be similar to the service FmHA already successfully provides to RDA or the services the National Finance Center in New Orleans provides to multiple federal agencies.

Advantages:

- It would allow the experienced, competent people already thoroughly familiar with the work to continue performing it.
- There would be no disruption of service.
- The financial systems could be maintained with no costly reprograming of farm loan programs. And those elements of the current system not compatible with FSA program requirements could be piggybacked at less expense than creating new systems.
- The collection mechanisms are already in place and functioning well.

Disadvantages:

- There would have to be close communication between the Controller's field office in Kansas City and the service center in St. Louis. (However, in this age of electronic communication, being located in the same building is no longer necessary.)
- Interface between the FSA and RCED systems would have to be developed for reporting, security, accounting, etc. (FISVIS and Info-Share should simplify this process significantly.)

- No time consuming retraining of personnel would be required.

- No extensive new hiring would be required.

- Allows attrition and possible buyouts to be the sole way of reaching employment reduction goals in accordance with the department goals.

- It solves the potentially disruptive and demoralizing process of identifying which specific personnel will be designated as farm program people when most of the farm program functions are a small part of practically everyone's job.

- It has a potential to disproportionately affect female and minority employees in the lower grade, accounting technician/cash clerk series since they are the people who do much of the day-to-day servicing of farm program loans.

- It will allow for teamwork in an environment where we have already worked together successfully.

- An FmHA working group is already investigating teamwork concepts and the related pitfalls.

- It would assure that staffing reductions are shared fairly and equitably among agencies.

- St. Louis FmHA has already demonstrated that it can successfully provide this type of service to RDA.

NOTE: The next 2 items are related to the Benefits of the Reorganization listed on pages 7 and 8 of the proposal.

- This proposal allows for greater challenges in a much less threatening environment since St. Louis employees won't be in fear of losing their jobs.

- It provides better utilization of limited human and financial resources.
- Most importantly of all, it utilizes current employees in the most people-oriented way possible, in keeping with the President's reinvention philosophy.

Alternative #2: Proceed as proposed in the FSA Controller's Reorganization Proposal. "The financial management functions associated with the FmHA loan making functions which are being transferred to the FSA will be performed in St. Louis by the new RECD on a reimbursable basis. . . . A strategic plan will be developed jointly by FSA and RECD for the eventual migration of these financial functions and related systems to the FSA."

Advantages:

- It provides close proximity for FSA field controller entities.
- FSA has direct control over FmHA farm loan programs.

Disadvantages:

- It results in a significant, involuntary loss of jobs, and causes a disproportionate staff reduction for FmHA.
- It requires extensive and expensive reprograming of very complex financial systems.
- It requires relocation expenses due to permanent changes in station for St. Louis employees who can migrate.
- It requires extensive training of FSA Kansas City employees to be able to complete the work of St. Louis employees unable to relocate.
- It may require hiring inexperienced personnel to replace St. Louis employees unable to relocate.

Recommendation: AFGE Local 3354, as the union most directly affected, strongly recommends Alternative #1. This alternative is also in keeping with the spirit of the agreement worked out among all the unions involved.

At a minimum, a comprehensive cost benefit analysis should be performed to determine which alternative would result in the least cost to the taxpayers.

PUBLIC LAW 480

WITNESS

PHILIP JOHNSTON, PRESIDENT AND CHIEF OPERATING OFFICER, CARE AND ON BEHALF OF THE COALITION FOR FOOD AID

Mr. DURBIN. Is there another volunteer? Mr. Johnston. Thank you for your patience, everyone.

Mr. Johnston, please proceed.

Mr. JOHNSTON. Mr. Chairman, thank you very much. I am Philip Johnston, president and CEO of CARE. I am testifying on behalf of the Coalition for Food Aid which is comprised of U.S. private voluntary organizations and cooperatives that conduct humanitarian development programs for the poor, food deficient regions of our world.

Three major programs are authorized by P.L. 480, Title I and III are referred to as government-to-government programs and are not our primary concern. Under Title II, the U.S. government provides food aid to local communities and peoples through agreements with private voluntary organizations, cooperatives, or the world's food program.

The law requires that approximately three-quarters of the commodities provided under Title II be used for non-emergency programs which target areas of chronic food insecurity and help to improve peoples' health and livelihood.

About one-fourth of the Title II commodities are reserved for emergency or acute food aid needs.

The members of the coalition are very concerned that U.S. food aid tonnage, both P.L. 480 and surplus commodities combined, is 30 percent less in 1994 than in fiscal year 1993.

The President's fiscal year 1995 budget proposes a further $290 million, or 17 percent cut. Congress has already approved about $52 million of the President's proposed cuts by rescinding fiscal 1994 P.L. 480 funds as part of the February emergency supplemental appropriation bill.

If these cuts are made, this would have a devastating effect on poor people in some of the least developed, and most food insecure countries of the world, and it will also make it nearly impossible for the United States to respond to emergency needs in a timely manner.

Our recommendation is based on the following six observations. Food aid needs in the poorest countries are increasing.

Secondly, surplus commodities are not available to supplement P.L. 480 commodities.

Thirdly, commodity prices around the world are increasing.

Fourthly, emergency and non-emergency Title II programs are being cut. I have included in the written testimony specific information about program reductions due to the cuts in food aid.

Fifth, food aid is also a domestic program, as can be seen in this chart. The proceeds of the P.L. 480 purchasing activities are displayed in terms of how much each state benefits from this program.

Sixth, food aid should be a post-Cold War priority in a world that is having significant instability problems.

Mr. Chairman, our recommendation is that the total P.L. 480 levels for fiscal year 1995 be maintained at the same level as the fiscal year 1994 program. Little if any surplus grains or oil seeds will be available to donate under Section 416 programs. Food aid needs, and commodity prices are expected to increase particularly in the aftermath of the Uruguay Round, and there is a growing need to provide for protracted and complex emergency needs while maintaining support for food aid programs that target chronically food insecure and undernourished population groups.

Within our recommendation, we want to draw special attention to the need to increase the fiscal year 1994 level for Title II from $821 million to $946 million to meet the extraordinary needs with which many of our global citizens are confronted.

Mr. Chairman, thank you for the opportunity to testify on behalf of the coalition for food aid, and I would be pleased to answer any questions that you may have.

Mr. DURBIN. Mr. Johnston, we were just trying to look for the figures here. What is the administration's proposal for Title II in fiscal year 1995?

Mr. JOHNSTON. I believe it is $821—it's $773?

Mr. DURBIN. So it is about a $50 million cut. Is that it roughly? Okay. You and I have had a chance to meet and discuss this, and let me say at the outset that your organization CARE, I can tell you, does fine work.

I say that not only based on what I've learned in this country, but from traveling to countries where you were working. The people I have spoken to all have the highest praise for the work that you do, which is reassuring.

We are often tempted to believe that much of this money is wasted that is sent, but I have been assured otherwise.

Secondly, in a dusty little village outside of Calcutta, I saw kids eating this up as if they were being fed Big Macs, referring to your sample here.

Mr. JOHNSTON. And that's one ration for one day for one human being.

Mr. DURBIN. And for these kids, it was the high point of their day. They rushed to it the way our kids rush to Baskin Robbins. We're going to do our best to try and help you.

Mr. JOHNSTON. Thank you very much. We appreciate that.

Mr. DURBIN. Mr. Skeen?

Mr. SKEEN. I have no questions.

Mr. DURBIN. Thank you very much.

Mr. JOHNSTON. Thank you. I appreciate the opportunity.

[The information follows:]

TESTIMONY OF

PHILIP JOHNSTON
PRESIDENT AND CHIEF OPERATING OFFICER
CARE

on behalf of

THE COALITION FOR FOOD AID

before the

HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FDA,
AND RELATED AGENCIES

MARCH 22, 1994

Mr. Chairman and distinguished members of the Subcommittee, thank you for this opportunity to testify on the Fiscal Year 1995 appropriations level for the U.S Food for Peace, or "P.L. 480," Program. I am Philip Johnston, President and CEO of CARE. I am testifying on behalf of the Coalition for For Food Aid, which is comprised of U.S. private voluntary organizations and cooperatives that conduct humanitarian and development programs in poor, food deficit regions of the world.[1]

Three major programs are authorized under P.L. 480. Titles I and III are referred to as "government-to-government" programs. Title I provides for the sale of agricultural commodities to foreign governments for dollars or local currencies on credit terms and is administrated by USDA. Title III permits AID to negotiate agreements with the governments of least developed countries to donate commodities either for direct feeding or for sale in the marketplace, and the local currencies generated from such sales must be used for economic development activities.

Under Title II, the U.S. Government provides food aid to local communities and people through agreements with private voluntary organizations, cooperatives or the World Food Program. The law requires about three-fourths of the commodities provided under Title II to be used in "nonemergency" programs, which target areas of chronic food insecurity and help to improve people's health and livelihoods. About one-fourth of the Title II commodities are reserved for emergency or acute food aid needs.

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[1] The members of the Coalition for Food Aid are Adventist Development and Relief, Inc., Africare, Agricultural Cooperative Development International, CARE, Catholic Relief Services, International Orthodox Christian Charities, Land
(footnote continued)

The implementation of Title II programs requires a great deal of planning -- conducting needs assessments; identifying communities that cannot produce or purchase adequate amounts of food for healthy, productive lives; establishing management, distribution, sales and monitoring systems; and training personnel and working closely with local communities to conduct programs and to maintain oversight and accountability for the resources. As required by U.S. Government regulations, the private voluntary organizations and cooperatives that conduct P.L. 480 Title II programs are fully responsible and accountable for the commodities provided once they are lifted onto the vessel for shipment from U.S. ports.

The members of the Coalition are very concerned that total U.S. food aid tonnage, both P.L. 480 and surplus commodities combined, is 30 percent less in FY 1994 than in FY 1993. The President's FY 1995 budget plan proposes an additional $290 million, or 17 percent, cut. Congress has already approved about $52 million of the President's proposed cuts by rescinding FY 1994 P.L. 480 funds as part of February Emergency Supplemental Appropriations Bill.

We do not believe that any additional cuts in P.L. 480 are warranted. Indeed, if any additional cuts are made, this would have a devastating effect on poor people in some of the least developed and most food insecure countries of the world. It will also make it nearly impossible for the United States to respond to emergency needs in a timely manner.

Our conclusions are based on the following six observations:

1. Food Aid Needs In The Poorest Countries Are Increasing.

Twenty percent of the world's population is undernourished, and according to the National Research Council of the National Academy of Sciences, worldwide food needs during the 1990s will double. Recent studies by the International Food Policy Research Institute conclude that about half of the chronically undernourished people are found in South Asia, but the numbers are growing rapidly in sub-Saharan Africa where population growth outpaces agricultural productivity by about 3 percent. More than 180 million children are undernourished and the number is increasing at alarming rates in sub-Saharan Africa and South Asia. This results in diminished learning capacities and increased sickness leading to death.

(footnote continued from previous page)
O'Lakes, National Cooperative Business Association, OIC International, Save the Children, and World Vision Relief and Development, Inc.

2. Surplus Commodities Are Not Available To Supplement P.L. 480.

The CCC no longer holds surplus grains and oilseeds to make available for international food emergencies under the Section 416 program. To get a sense of the magnitude of this problem, consider that in FY 1993, section 416 provided 2 million metric tons (or $647 million) of food aid primarily for the former Soviet Union and Baltics, and African countries affected by drought and internal warfare. Because most Section 416 surplus commodities are used to supplement Title II funds, this is a hidden cut in the P.L. 480 Title II program.

3. Commodity Prices Are Increasing.

Commodity prices have increased, and are not expected to fall next year. With the implementation of the Uruguay Round Trade Agreement, government-held commodity stocks are expected to remain low and world food prices are expected to increase. Therefore, poor, food-importing countries will be less able to afford to buy commodities and each food aid dollar will buy less. Indeed, as part of the Uruguay Round the Ministers acknowledged this fact and donor countries agreed to increase their donations of food aid.

4. Emergency And Nonemergency Title II Programs Are Being Cut.

The President's proposed FY 1995 budget cuts for P.L. 480 Title II are less than for Titles I and III. Nonetheless, Title II programs which target vulnerable population groups in areas that are most prone to famine are also being cut. In FY 1995, nonemergency programs conducted by private voluntary organizations and cooperatives are being cut in sub-Saharan Africa and in South Asia, even though people in these regions cannot produce or purchase adequate amounts of food to meet their basic nutritional needs.

This runs completely counter to the 1990 amendments to P.L. 480, which increased the minimum tonnage level for Title II nonemergency programs by 125,000 metric tons over 5 years. Moreover, it is short-sighted, because an ongoing program targeting poor, undernourished population groups is the best way to avoid emergencies. Taking food away from these programs increases the chance of disaster at a later date. And, responding to an emergency is much more expensive than providing assistance to vulnerable population groups.

Let me give you a few examples.

Catholic Relief Services conducts mother-child health care and school feeding programs in Togo, Burkina Faso, Ghana, Sierra Leone and Benin. These programs are being threatened with closure in Fiscal Year 1995 if P.L. 480 budget cuts are enacted. Without investments in the development of children, poor countries become more vulnerable to disasters. Programs conducted by other private voluntary organizations and cooperatives in sub-Saharan Africa are also being threatened, such as those that help farmers improve local agricultural productivity or assist in the development of market systems and small businesses in rural areas.

As another example, in 1975, the Government of India, with the assistance of CARE, AID, UNICEF and the World Food Program, set their sights on reducing the alarmingly high child mortality and morbidity rates through a program of universal, low-cost health care delivery known as the "Integrated Child Development Services" (ICDS). Since the beginning of the ICDS Program, the financial contribution of the Government of India has exceeded the value of international contributions.

The ICDS Program now reaches approximately two-thirds of the country with universal coverage expected by the year 2000. In those areas currently covered, severe childhood nutrition has been reduced from 22 to 4 percent, and fertility rates have declined. Using Title II commodities, CARE provides a modest daily food supplement to 10 million children under five years of age and to pregnant and lactating women. The ration, a sample of which is before you, Mr. Chairman, consists of 90 grams of cereal, enriched with soy protein, a vitamin-mineral premix and a small amount of vegetable oil. This small daily food ration is critical to the physical and cognitive development of these children.

At a time when the ICDS Program should be expanding, CARE has been advised by the AID mission in India that more than two million children and women must be dropped from the Program because of proposed drastic cuts in the FY 1995 P.L. 480 budget. This undermines our battle in cooperation with the Indian Government to lower childhood mortality in a country which has the largest concentration of chronically malnourished children in the world.

In addition to cuts in these nonemergency, targeted programs, we are concerned that the Administration's budget request would not provide adequate funds to respond to complex and protracted emergencies and refugee situations, which are caused by recurring droughts, internal warfare and other manmade and natural disasters. Funds to meet such emergency needs will primarily be taken from the Title II program. However, Title II is not adequately funded to meet these needs. Although a small amount (up to 10%) may be transferred into Title II from Titles I and III, we believe the program level of Title II needs to be increased.

Mr. Chairman, these are the types of assistance programs which the American people understand and support. Would it not be better to provide adequate funding for these programs during the regular appropriations process, rather than curtailing targeted food aid programs and creating a situation where an emergency supplemental may have to be requested next year to respond to famine conditions?

5. Food Aid Is Also A Domestic Program.

While addressing the twin problems of hunger and food insecurity in some of the poorest countries, the budget outlays for Food for Peace stimulate vital parts of our own economy. The agricultural products used in P.L. 480 programs are grown, processed, packaged, railed, and barged in the United States, and loaded onto mainly U.S.-flag ships at U.S. ports. I have attached to my written statement a map which breaks down P.L. 480 agriculture, processing and transportation expenditures by state for Fiscal Year 1992.

6. Food Aid Should Be A Post-Cold War Priority.

As our nation's post-Cold War priorities are developed, food aid has an important role to play. When people must focus on day-to-day survival, they cannot overcome the cycle of poverty or lead healthy, productive lives. Even though a developing country or emerging democracy may be making strides toward market reform, the country will not be able to achieve broad-based economic growth and stability if large segments of its population are poor and hungry. The Administrations proposed rewrite of the Foreign assistance Act does not emphasize food security. Based on this, and the fact that the President's FY 1995 budget proposes such drastic additional cuts in Food for Peace, it seems that the Administration is not realistically assessing food aid needs and adjusting U.S. food aid programs and funding levels to meet these needs.

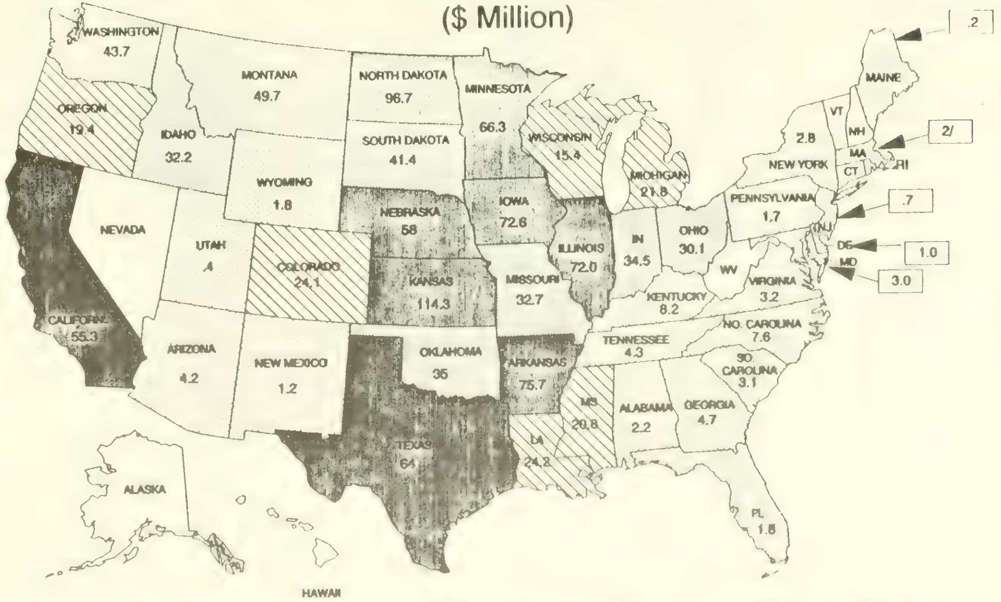
CONCLUSION

The total P.L. 480 program level for FY 1995 should be maintained at the same level as in FY 1994. Little, if any, surplus grains and oilseeds will be available to donate under the Section 416 program; food aid needs and commodity prices are expected to increase, particularly in the aftermath of the Uruguay Round; and there is a growing need to provide for protracted and complex emergency needs, while maintaining support for food aid programs that target chronically food insecure and undernourished population groups. We therefore propose that the Title II program level should be increased by about $125 million over the FY 1994 level of $821 million.

Mr. Chairman, thank you for this opportunity to testify on behalf of the Coalition for Food Aid. I would be pleased to answer any questions you may have.

Attachment

Agency for International Development
Estimated Value of P.L. 480 Export Shares by State
Fiscal Year 1992
($ Million)



1/ The figures provided in this graphic are derived and do not reflect actual shipments. The reference "Export Shares" is used because as commodities proceed through the production cycle they may transit through a number of states thereby making it difficult to assign a point of origin for the final product.

2/ Less than $100,000

AID/FHA/FFP/CPD

- ■ $50 million and over
- ▒ $25 Million to $49.9 Million
- ▨ $10 Million to $24.9 Million
- ☐ Less than $9.9 Million
- ☐ No P.L. 480 Activity

THE EMERGENCY FOOD ASSISTANCE PROGRAM (TEFAP)

WITNESS

ZOE P. SLAGLE, AMERICAN COMMODITY DISTRIBUTION ASSOCIATION

Mr. DURBIN. We just have a few minutes left. Yes? Please identify yourself.

Ms. SLAGLE. I certainly will. Good evening.

Mr. DURBIN. Hello.

Ms. SLAGLE. My name is Zoe Slagle and I am president of the American Commodity Distribution Association and coordinator of the food distribution program in the State of Michigan.

You have my prepared text so I will not get into that at all due to our time constraints.

I did want to say one small thing though. We have the greatest food distribution system in the world, as Mr. Johnston just very nicely exemplified, and our food distribution system, the USDA system, is unique in that it spends the same dollar twice—once when it buys product to stabilize the agricultural market, and again, when that product is provided to our nation's citizens who need nutritious food.

In my prepared statement are five primary items requesting funding for these fine commodity programs. You've heard much testimony today regarding the need and the success of these programs.

The emphasis of my testimony was to say that these are very cost-efficient programs that we can provide food to our needy citizens in a very, very inexpensive way.

I also would like to enter something else into the record that is not with my written testimony, and that is a record or a letter recently sent to President Clinton from a broad range of agricultural organizations concerning the recent GATT agreement.

This signors suggest that as the funding for the basic agricultural programs decreases, the money saved should be moved to the support of domestic feeding programs such as TEFAP.

Mr. Chairman, members of the committee, we are very excited about this letter and feel that it is very important because the range of organizations signing this letter is broad and the point is powerful. We should not just unilaterally give up our agricultural programs.

This special wonderful program, commodity distribution, has been our traditional link between agricultural policy and nutrition policy in this country.

I thank you very much. It was an enjoyable session to witness, as well as to participate in.

Mr. DURBIN. Well, thank you for joining us, and as you can tell, we have been focusing on this a lot and we will continue to.

Ms. SLAGLE. Well, thank you, and I would appreciate your looking at our recommendations. Thank you.

Mr. DURBIN. We will. I can guarantee it. Thank you very much.

[The information follows:]

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Statement
of the
American Commodity Distribution Association
before the
Committee on Appropriations
U.S. House of Representatives
March 22, 1994
Zoe P. Slagle, President

Mr. Chairman, and Members of the Committee, I am Zoe Slagle, President of the American Commodity Distribution Association. We very much appreciate the opportunity to appear before you this afternoon to present our views on President Clinton's Budget request for FY 1995. Congressman Durbin, you have long been a friend of our programs and we ask your continued support.

I am here to discuss one facet of the total effort to deliver nutrition and fight hunger in America, the USDA Commodity Distribution Program - a very important and very cost effective component of our federal effort.

The American Commodity Distribution Association (ACDA) is a non-profit professional association with members representing all state and territory commodity distribution agencies, agricultural organizations, food processors, storage and transportation companies, recipient agencies (schools, community action agencies, food banks and other non-profit organizations) and individuals interested in promoting and working with others to continually improve the commodity distribution programs. Our association members work very closely with USDA, our different membership components, allied organizations such as the American School Food Service Association (ASFSA), hunger relief organizations, such as Second Harvest, and nutrition and anti-hunger advocacy groups, such as FRAC.

On August 25, 1995, the USDA Commodity Distribution Program will celebrate its 60th year. Its dual mission of (1) providing wholesome and nutritious products to school districts and other domestic food programs and (2) providing support to American agriculture has worked very well those many years - the trucks have rolled every day. The USDA Food Distribution program is unique in that it spends the same dollar twice -- once when it buys product to stabilize the agriculture market and again when that product is provided to our nation's citizens who need nutritious food.

Today the commodity distribution program provides nutritious foods to:

- Public Schools
- Private Nonprofit Schools
- Residential Child Care Facilities
- Elderly Feeding Programs - congregate and delivered
- Child and Adult Care Food Programs (CACFP)
- Public and Nonprofit Hospitals
- State/County Correctional Facilities
- The Emergency Food Assistance Program (TEFAP)
- Commodity Supplemental Food Program (CSFP)
- Food Banks (FB)
- Food Pantries
- Soup Kitchens (SK)
- Temporary Shelters
- Summer Feeding
- Summer Camps
- Charitable Institutions
- Indian Reservations
- Disaster Relief

In the Fiscal Year 1992, 2,084,890,597 pounds of food, valued at $1,183,743,612 were distributed by USDA to the above agencies. This was done with a minimum of tax payer dollars, because these food products were provided at a low cost through USDA's buying power and the nationwide use of volunteers in the local distribution of these food products, while at the same time the program supported American agriculture. Private sector donations were also distributed to this "neediest of the needy" population through the infrastructure of the USDA commodity distribution system. Without this system private donations could not be distributed affordably. The synergy is completed by the fact that many of the programs offered by agencies that distribute commodities, and the programs where clients are referred, provide intervention at their most cost-effective point: prevention. Without the "carrot" of the USDA Commodity Distribution Program this would not happen.

The Commodity Supplemental Food Program (CSFP) is a good example of how we, as a nation, can provide not only nutritious food but nutrition education assistance at a low cost. This program helps prevent future health problems, a very high cost component in our social assistance programs. The Commodity Supplemental Food Program serves needy pregnant females, breast feeding and postpartum mothers and their children and seniors. It provides balanced nutritional intake by supplying a monthly food package, that follows the guidelines of the new USDA Food Guide Pyramid.

The cost of a CSFP package is much less than the retail cost. Instant formula, for example, costs 5 times as much when purchased at the corner store.

In Detroit, Focus:HOPE, the first and the nation's largest Commodity Supplemental Food Program, did the following March, 1994 cost comparison of CSFP packages, supplied by USDA and purchasing the same packages at local retail outlets.

	Pregnant/ Breast feeding	Postpartum	Child	Infant 1-3 mo.	Infant 4-12 mo.	Seniors
USDA	$36.48	$30.58	$38.44	$14.88	$18.96	$30.58
Retail/major chain	73.71	60.75	80.05	70.99	79.19	60.75
Corner store	77.88	63.36	86.66	90.83	100.53	63.36

The cost of administering the program adds $4.11 to each package.

The Emergency Food Assistance Program (TEFAP) data is equally impressive as a cost efficient system of bringing food to our hungry citizens. Wood County, Wisconsin reports that a typical TEFAP food package for a family of four, issued quarterly, cost $18.79. The average cost of the same food items purchased at four local stores is $35.79, almost double the cost of TEFAP. The cost of program administration which includes storage and transportation adds $2.04 to $2.45 (depending on the number of volunteers involved) to each package. In Michigan, the cost to USDA of our most recent bimonthly package was $8.84 plus $2.26 for administrative/storage/transportation cost per bag. By comparison, the average retail price of four retail stores was $16.73.

Agencies that rely on the Commodity Distribution Program serve those who need food assistance and cannot readily obtain it from any other source. These programs serve people who fall through the cracks of the Food Stamp Program or who choose not to participate.

In short, the only means to a healthy diet for some segments of our population is through one of the USDA commodity programs. The various commodity programs are not the backbone of the fight against hunger and for improved nutrition, but for many Americans they are the only vehicle for reaching them with a healthy diet. It is also a very cost efficient program.

Unfortunately, these program are needed. Although we often hear reports of an economic recovery, we still see and hear far too much about the problem of hunger in America.

Hunger is a condition of poverty. Living below the poverty line puts tremendous strain on a household to achieve a nutritionally-adequate diet. In 1992, 36.9 million Americans (14.5 percent of our population) lived in poverty. This figure represents the highest number of people in poverty since the mid-1960's.

A survey by the Second Harvest National Food Bank Network found that during 1993, nearly 80 percent of food banks reported an increase in the number of meals and groceries provided to the hungry through the social service agencies served by the food banks.

A national survey conducted by Catholic Charities USA shows that the number of children coming to agencies for food doubled from 1991 to 2.7 million in 1992. In 1981, one in four Catholic Charities' clients received emergency aid; in 1992, it was three out of every four.

The U.S. Conference of Mayors has documented an annual increase in the demand for emergency food in major cities across the nation since 1983. In 1993, requests for emergency food increased in the survey cities, by an average of 13 percent.

The most recent figures for the Food Stamp Program shows that participation continues to climb. In fact, participation just hit an all time high, nearly 27.5M people.

About five million American children under 12 years of age go hungry each month and millions more are at risk of hunger according to estimates based on the results of the most comprehensive study ever done on childhood hunger in the United States, the Community Childhood Hunger Identification Project (CCHIP).

On March 6th, "Parade Magazine" featured an article on literacy written by Carl Sagan and Ann Druyan. The article focuses on the importance of reading and education as a means out of poverty. The authors also emphasize how poor nutrition, as a result of poverty, harms children's capacity to understand and learn. Citing the recent research on the links between undernutrition and children's cognitive development, Sagan and Druyan discuss how even mild undernourishment, the kind most common among poor people in America, can be potentially associated with lifelong cognitive impairment. The importance of federal programs like WIC, CSFP, TEFAP, School Breakfast, School Lunch and Summer Feeding to children's ability to learn and develop can not be over emphasized.

Between 2.5 and 4.9 million elderly Americans -- many living well above the poverty line -- suffer from hunger and food insecurity, according to the Urban Institute survey-- the first national survey to document the extent of hunger among older Americans. According to this survey, "Hunger Among the Elderly: Local and National Comparisons", by Martha R. Burt, November 1993, three federal programs provide food assistance to elderly Americans, food stamps, home-delivered meals, and congregate meals. These programs serve many seniors, but most seniors with food needs do not use these programs.

. Almost nine of ten low-income seniors do not receive food stamps.
. Nine of ten seniors with a functional limitation and who have experienced food insecurity in the past six months do not receive home-delivered meals.
. Two of three seniors with three or more indicators of food insecurity do not use the congregate meals program.

Hillary Rodham Clinton, made a very strong statement on the relationship between diet and health, stating that "the single cheapest way" to improve health care in American is for people to consume a nutritious diet, coupled with moderate exercise.

Nutrition may be finally getting the recognition it deserves as an essential component of good health. Across the country, from schools to Indian reservations to senior citizen apartments, commodities form the foundation that enables low income Americans to begin to build a diet that can meet the dietary guidelines, improve their overall health and prevent costly illnesses related to poor nutrition.

The Surgeon General's 1988 Report on Nutrition and Health states that the U.S. spent more than $200 billion for treatment of diet-related illness, including heart disease, high blood pressure, cancer, diabetes, and obesity. These diseases affected 100 million Americans. Three of the five leading causes of death are from nutrition-related diseases: heart disease, certain cancers, and stroke. Available commodities include foods from all food groups and are important sources of major nutrients, fiber, vitamins, and minerals, that can play a role in disease prevention.

Commodity programs are preventative nutritional care. For many families, they are the difference between having enough food to stay healthy and productive, and succumbing to the consequences of poor nutrition. These include an impaired ability to defend against illness and negative economic results when workers lack the energy to maintain work efficiency, and students lack the concentration to sustain their learning potential.

Our goals for the Commodity Distribution Program is to support American agriculture, provide food for the hungry, support schools and other institutions, and be part of the effort to provide the motivation, education and desire for citizens to follow the Dietary Guidelines for Americans.

To provide food and nutrition to those in need we need to lower certain barriers.

1) Restore TEFAP funding, at minimum, to the Fiscal Year 1993 level of $120M for food purchases and $50M for Administration.

The $0 for TEFAP food purchases in the President's budget request must be changed, at minimum, to $120M, and the $40.2M amount in the budget for Administration funding, changed to $50M. The Food Bank/Soup Kitchen level of $50M in the President's budget request is a welcome increase of $10M from FY 1994.

TEFAP has gone from $162.3M for the purchase of food in FY 1993 to $80M in FY 1994, a 50.7% reduction. Administrative funding has been reduced from $45M in FY 1993 to $40M in 1994, a 11.1% reduction. This equals a total reduction of 61.8% for TEFAP in Fiscal Year 1993. The positive item is that the SK/FB funding was increased from $32M in FY 1993 to $40M for FY 1994, a 25% increase.

In terms of human impact, we estimate that more than eight million households no longer benefit from TEFAP distributions as a result of this cut. This not only means that many families and seniors are losing much needed food but will lose the warmth, care, interest, and concern given to them by TEFAP staff and volunteers as they receive their TEFAP package.

Persons who go to pick up TEFAP product are in need of these supplemental foods and the states enforce strict income guidelines which they determine. They range from 125% to 185% of the Federal Poverty Income Guidelines.

We have concern for our seniors because of this program cut. Approximately 60% of the TEFAP recipients are seniors who rely on this Program. Seniors often do not have enough to eat and TEFAP provides that needed additional food to many of these seniors.

TEFAP has also been instrumental in responding to the immediate food needs after natural disasters such as Hurricane Hugo, the Midwest floods and the Los Angeles earthquake. These foods have been used to feed thousands of persons when other sources of food were not immediately available. The USDA Food Distribution System also provided the infrastructure necessary for the distribution of private sector foods.

2) Restore Commodity Supplemental Food Program (CSFP) Funding to FY 1994 level of $104M.

Without this funding, 10% of the participants will be forced from the program and join the ranks of those not having access to adequate food and nutrition. This program provides food products to families in rural and inter-city locations, who find it difficult and often prohibitive to purchase food at retail outlets.

3) Include a commodity entitlement of 3¢ per meal for the School Breakfast Program.

Much effort is being directed to increasing school breakfast participation. A commodity entitlement for school breakfast would provide an additional incentive for schools to provide breakfast to students. A 3¢ per meal entitlement would help assure an increase in the number of breakfast programs. Several research studies show that students who eat school breakfast score higher on standardized tests, have improved problem solving ability and classroom behavior, and are absent and tardy less often.

4) Appropriate $80M for charitable institutions and $2.5M for summer camps for the purchase of food products.

Continuation of USDA commodities to these programs would keep them providing food to children and adults in severe need. The Charitable Institution and Summer Camp programs have been receiving a reduced amount of commodities each year because of the reduction in bonus commodities. A commodity entitlement for these programs would provide them with needed products they have been steadily losing and enable them to feed their children and adults. In FY 1992, 235,290,220 pounds of food valued at $109,786,094 were distributed to charitable institutions and 5,501,493 pounds valued at $2,499,809 were distributed to summer camps.

The Charitable Institution program has provided an effective and efficient outlet for surplus removal. Institutions such as soup kitchens, substance abuse rehabilitation centers, and homeless centers have utilized these food items by providing nutritious meals to those who were in great need. The amount of these products has diminished significantly because of the success of our agriculture policy which has reduced the amount of surplus removal. The dilemma is that if we allow the infrastructure to disappear in the years when surpluses are diminished, we will not have our efficient distribution system in place when there are surpluses.

5) Include State Administrative Expense (SAE) allocation for the Commodity Distribution Program in the FY 1995 Budget.

Currently each state is given an amount equal to not less than 1% and not more than 1/2% of the school lunch and breakfast funds for state administration of the program. Not included in this formula, however, is the value of USDA commodities. Funding for the Commodity Distribution Program would provide the resources for improved operation of the Food Distribution program for all recipients by providing technical assistance, training, development of program materials, and improved delivery systems and service to customers. Currently many states are forced to add charges for delivery and storage of commodities to simply perform regulatory functions. They are unable to provide adequate technical assistance in such areas as food receiving and storage, food introduction information, and nutrition information or work on establishing additional nutritional guidelines for processing. This provision is in Senator Leahy's Better Nutrition and Health for Children Act, S.1614 (Sec. 307) and Representatives Kildee and Goodling's Bill, H.R. 3580 (Sec. 201). I ask your support.

6) The Cash-in-lieu of Commodities and Commodity Letter of Credit (CLOC) pilot programs need to come to their natural termination.

These pilots were authorized in 1980 and have been functioning since then. Two USDA studies concluded that the two options provided no improvements over the Commodity Distribution Program.

In June, 1992, after study and review of the CLOC Modification Demonstration Evaluation Final Report and a review of the improvements made in the commodity distribution system, USDA announced its position against the continuation or expansion of the CLOC system. USDA stated in its June, 1992 position paper, "It is in the best interests of agricultural producers, administrators of commodity distribution systems, and recipients of USDA's domestic commodity programs to retain the traditional commodity program."

Conclusion

You, as policy makers, are in a very difficult position and we empathize with your desire to do the most for our neediest citizens within the ever present limits of scarce resources. The USDA commodity distribution programs can assist you in this task by providing needed food and nutrition at minimal cost to the tax payer.

Mr. Chairman, and committee members, thank you for your interest and concern for those who depend on these programs. We are confident that we can support this effort in a positive and cost efficient way in the Commodity Distribution Program and we ask you for your support.

NURSERY INDUSTRY

WITNESS

BENJAMIN C. BOLUSKY, AMERICAN ASSOCIATION OF NURSERYMEN

Mr. DURBIN. We will take one last witness if there is one ready to jump to the occasion.

You're on.

Mr. BOLUSKY. Thank you, Mr. Chairman. Ben Bolusky with the American Association of Nurserymen. The hour is late, the day is long, the statement will be short.

The nursery and greenhouse industry continues to out-pace other major agricultural sectors. In 1986, the USDA estimated that the grower cash receipts for nursery and greenhouse crops was $6 billion in 1992.

In 1993, the USDA now estimates $9 billion in grower cash receipts, making the industry sixth in total grower cash receipts among all farm commodities. In fact Illinois is now the 14th largest nursery-producing state, and nursery and greenhouse crops rank as sixth within the state, and they rank seventh within New Mexico.

Despite producing nearly 11 percent of all U.S. farm crop cash receipts, the nursery industry directly benefits from only two one-hundredths of one percent of all federal agricultural research.

We believe the federal government's contribution to the nursery industry research is proper and reasonable, particularly in light of the fact that the industry receives no federal subsidies, nor benefits from any price supports.

In the interest of time, I will just draw your attention to the florist and nursery review underway at ARS, and we would urge Congress to formally inquire of ARS what its implementation plans, priorities and timetable are for the florist and nursery review.

A.R.S. is presently considering how and when to proceed with the results, and it is a review based on an assessment and prioritization of the nursery industry's research needs.

I also direct your attention to the Northwest Nursery Crop Research Station in Oregon. We respectfully request Congress to provide up to $1½ million in the current fiscal year 1995 to ARS for the establishment of such a center. Not one penny of the requested funds is for brick or mortar, it would all be for research personnel and program support in environmental research areas such as improving air quality, stemming water run-off, and improving water quality, and conservation.

We are hopeful that Congress will see the investment in appropriating adequate funds to get this important project underway in fiscal year 1995, and lastly, Mr. Chairman, I call your attention to the economic research service, a small item in terms of dollars, but one that is very significant in terms of the industry.

Now, the economic research service provided the nursery farmer cash receipts statistics stated at the outset of this testimony. The nursery industry relies very heavily on this type of ERS data. It is the nation's single source of such vital nursery industry statistics. They are simply not available elsewhere.

We would respectfully request Congress to appropriate or redirect $95,000 in fiscal year 1995 specifically for ERS to continue providing these critical economic analyses, and with that Mr.

Chairman, thank you once again this year for the opportunity to be before you.

Mr. DURBIN. I'm glad you came back because I remember your testimony from last year, and I recall that when the economists from USDA came in to talk about trends of the future, he specifically pointed out your industry as one of the real growth areas.

Mr. BOLUSKY. One of the shining lights.

Mr. DURBIN. It certainly is. We are going to try to help you too.

Mr. BOLUSKY. Thank you, sir.

Mr. DURBIN. Mr. Skeen.

Mr. SKEEN. One thing that really delights me is the net return volume that you get. It is one of the few agricultural enterprises that I know of that really has a good return, and I understand you have got a lot of problems with methyl bromide and some of the other pesticides.

Mr. BOLUSKY. That's correct, Mr. Skeen. Thank you.

Mr. SKEEN. We are very interested in this problem, and thank you very much for being patient with us.

Mr. BOLUSKY. Thank you.

Mr. SKEEN. Thank you, Mr. Chairman.

[The information follows:]

AMERICAN ASSOCIATION OF NURSERYMEN
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Statement Before the
SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT,
FOOD & DRUG ADMINISTRATION & RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
United States House of Representatives
March 22, 1994

Mr. Chairman, the American Association of Nurserymen (AAN) welcomes this opportunity to present the nursery industry's views regarding the Fiscal Year 1995 (FY95) Budget for the U.S. Department of Agriculture.

AAN is the national trade association for the nursery and landscape industry. AAN directly represents 2,200 nursery growers, landscape professionals and garden center retailers. We represent an additional 16,000 family farms and small businesses through the membership of the state/regional nursery and landscape associations.

ECONOMIC STATURE OF THE NURSERY INDUSTRY

According to USDA's Economic Research Service (ERS), the nursery and greenhouse industry remains the fastest growing agricultural sector in cash receipts. Nursery and greenhouse crops totaled an estimated $9 billion in 1993 -- representing nearly 11 percent of the total cash receipts for all U.S. farm crops.

Nursery and greenhouse crops in 1992 ranked 6th in total grower cash receipts among all farm commodities -- ahead of such major crops as wheat, cotton and tobacco. Nursery and greenhouse crop production now ranks in the top 5 agricultural commodities in 23 states and in the top 10 in 42 states. USDA also finds that nursery and greenhouse farms in 1990 had the highest average net farm income of any agricultural commodity group at $53,589. This is four times higher than the average American net farm income of $13,458.

These impressive figures become even more so when one considers that unlike so many other agricultural sectors, the nursery industry does not receive -- nor does it want -- any federal subsidies or price supports. However, we do feel it is critical to maintain the integrity of federal research programs vital to the nursery industry. Yet, despite producing nearly 11 precent of all U.S. farm crop cash receipts, the nursery industry directly benefitted from only two-hundredths of one percent (0.02%) of all federal agricultural research. Particularly since the nursery industry does not receive subsidies, AAN believes the federal government's contribution to nursery industry research is proper

Garden Centers of America/Horticultural Research Institute/National Association of Plant Patent Owners/
National Landscape Association/Wholesale Nursery Growers of America

and reasonable -- yet it remains vastly underfunded.

AGRICULTURAL RESEARCH SERVICE (ARS)

Recognizing that nursery and greenhouse crops account for nearly 11% of all farm crop cash receipts, AAN is genuinely grateful that this Subcommittee provided report language last year urging the Department to give increased attention to the research needs of the nursery industry. However, we are deeply disturbed that ARS apparently ignored this Subcommittee's direction since the agency did not directly allocate Plant Sciences funds in FY95 to the nursery industry's research needs. In the agricultural community, the nursery industry is playing an ever-increasing environmental leadership role in the areas of pest management (such as IPM and quests for chemical alternatives), water conservation, as well as water and air quality. With so many environmental benefits, AAN urges Congress to direct ARS to begin to routinely allocate research dollars in its FY96 and subsequent Plant Sciences budgets to needed nursery crop research.

Florist and Nursery Review

AAN is aware of and strongly supports the Florist and Nursery Review which ARS initiated under the direction of Dr. Marc Cathey. AAN understands that ARS is presently considering how and when to proceed with the results. This formal review is based on an assessment and prioritization of the research needs of the nursery and floral industries. AAN urges Congress to direct ARS in FY96 to begin full implementation of, and to propose funding for, the programs resulting from the Floral and Nursery Review. In the interim, and during the current fiscal year, AAN urges Congress to submit a formal inquiry to ARS to learn what its implementation plans and timetable are for the Florist and Nursery Review.

Delaware, Ohio Lab

ARS has apparently justified its decision to close the Delaware, Ohio Laboratory by noting that seven new improved elm varieties resistant to Dutch elm disease have now been released by this Lab. Nonetheless, the Delaware, Ohio program represents the only disease-tolerant American elm planting program in a major metropolitan area under professional management. AAN's research division, the Horticultural Research Institute (HRI), has funded and continues to fund ARS research devoted to the American elm -- a landscape plant of great significance in this country. AAN requests Congress to direct ARS to provide facilities for the continued monitoring and completion of this research.

Northwest Nursery Crops Research Center (OR, WA, ID)

Up to 90% of all nursery crops produced in the Northwest are shipped out of the region to other states. This is much higher than the national average of 50%. By law, these shipments must be essentially free of injurious pests. Since many nursery crop shipments involve entire plants with soil intact, they must be inspected and shipped in compliance with federal and state pest quarantine regulations and phytosanitary certifications.

AAN requests Congress to provide $1.5 million in FY95 to ARS for the establishment of a Northwest Nursery Crops Research Center. Not one penny of the requested funds is for brick or mortar as the facilities already exist at the ARS Horticultural Lab in Corvallis, Oregon. All of the requested funds is for research personnel and program support in environmental research areas, such as improving air quality, stemming water run-off, and improving water quality and conservation.

The Northwest Nursery Crops Research Center enjoys the unified support of not only the American, Oregon, Washington and Idaho nursery associations, but also the endorsements of Oregon State University, Washington State University, the University of Idaho, as well as their related Extension Services. AAN is genuinely appreciative of the strong supporting language which both the House and Senate Appropriations Committees have previously included in their respective committee reports. AAN is hopeful that Congress will see the investment in appropriating adequate funds to get this important project underway in FY95.

Methyl Bromide

Methyl bromide is a widely-used fumigant which is a critical component of many horticultural crop management systems. Yet due to concerns over its potential role as an ozone depleter, the U.S. Environmental Protection Agency plans to ban methyl bromide production as of January 1, 2001. Research and development of acceptable methyl bromide alternatives for soil fumigation and commodity quarantine treatment are vital. AAN supports the proposed $5 million increase in FY95 for research on methyl bromide alternatives.

ANIMAL & PLANT HEALTH INSPECTION SERVICE (APHIS)

International and interstate trade in nursery crops is governed by inspection and quarantine regulations designed to prevent or slow the inadvertent artificial spread of hazardous agricultural pests. APHIS works in cooperation with state departments of agriculture to promulgate and enforce such regulations. AAN strongly supports APHIS' request for adequate program funds both to prevent the introduction of new foreign plant pests and to prevent the spread of certain established pests. The continued growth and profitability of the U.S. nursery industry, and agriculture in general, depend on these vital APHIS programs.

Agricultural Quarantine Inspection (AQI)

Port-of-first-arrival inspections and, first-class mail inspection under the AQI program are the first line of defense against the introduction of damaging foreign pests that threaten U.S. agriculture and the environment. Roughly 80% of funds budgeted for this program will be generated from user fees levied broadly on international travel and commerce. AAN supports this approach so long as funds generated from such user fees are exclusively reserved for the AQI program.

A strong AQI program is vital to protecting U.S. agriculture and the environment, yet an increasing workload continually threatens to outpace program resources. To fund AQI, AAN strongly supports the proposed FY95 request of $127.0 million which is comprised of $25.14 million in appropriations and $101.86 million to be generated by user fees.

Quarantine 37 (Q-37), the federal quarantine that regulates the importation of nursery plants and related commodities, is currently under revision. APHIS is under pressure from several foreign countries to allow the importation of additional plants into the U.S. in growing media. A number of foreign pests have been introduced into the U.S. since Q-37 was first promulgated and, in many cases, these pests have seriously damaged the environment and hampered trade in nursery crops. Yet it is estimated that only two to three percent of nursery & greenhouse crop imports under Q-37 preclearance arrangements are inspected at ports-of-first-arrival. Furthermore, APHIS has proposed rules governing the importation of logs and lumber, which, if adopted, will place further demands on vital APHIS inspection services. As a result, AAN believes greater resources must be devoted to such inspections to ensure effective pest exclusion.

Imported Fire Ant

The imported fire ant is a serious menace to human health and agriculture, but it is not directly injurious to nursery plants. Nevertheless, nursery farmers throughout much of the South bear the cost of quarantine compliance to prevent the spread of imported fire ant to uninfested areas via nursery crops.

AAN is deeply concerned that the proposed APHIS budget for FY95 does not include funds for imported fire ant. Large areas of the U.S. are uninfested, yet offer favorable habitat for the imported fire ant. Continued APHIS involvement and cooperation with the states is vital toward preventing artificial spread of this serious human health pest. For FY95, AAN supports maintaining the funding level of $2.7 million for imported fire ant.

Sweet Potato Whitefly

AAN supports continued APHIS funding for survey and parasite-rearing programs to combat the sweet potato whitefly. This pest continues to ravage vegetable, fruit, nursery and greenhouse crops, especially in California, Florida and Texas.

Methods Development Funding

Nursery farmers must meet APHIS certification requirements for freedom from troublesome pests such as imported fire ant, pine shoot beetle, and Japanese beetle, prior to moving their crops interstate or into Canada. APHIS funds critical methods development projects to identify new tools and strategies to eliminate or prevent such pest infestations on nursery crops and to facilitate commerce. AAN strongly supports maintaining funding in FY95 at the proposed $5.084 million level for continued plant quarantine methods development work.

COOPERATIVE STATE RESEARCH SERVICE (CSRS)

Nursery Crop Research Station (TN)

AAN is deeply appreciative of the appropriated funds in FY94 for the Nursery Crop Research Station in McMinnville, Tennessee. The need still exists however for additional funds. AAN urges Congress to provide $468,000 in FY95 to ensure completion of the facility's construction. The Station will address the following research priorities: (1) development of plant breeding programs, genetic enhancement of nursery crops, and effective pest management; (2) testing and evaluating new germplasm; (3) stress tolerance on plants; and, (4) drip and other irrigation systems for nursery crop production.

Integrated Pest Management Research

By its very nature, the nursery industry is committed to protecting and beautifying the environment. As a result, we are increasingly turning towards integrated pest management systems and biological controls, where available and proven effective. However, more research is necessary to properly implement such systems. AAN supports the proposed increase in FY95 funding to $7 million for CSRS development of improved integrated pest management and biological control systems. While such basic research will indirectly benefit the nursery industry, it is essential that some portion of any appropriated funds address nursery-specific issues.

Pesticide Clearance

With the nursery industry having to meet so many shipping, certification and quarantine rules, AAN is deeply concerned over the continued loss of minor-use pesticides, and the anticipated acceleration of such losses as the 1997 EPA re-registration deadline approaches. These losses are the result of high costs associated with pesticide registration and re-registration -- not the result of safety or environmental concerns. The Interregional Project #4 (IR-4) program, has a proven track record for addressing many nursery industry minor use needs. AAN continues to urge adequate funding for the IR-4 program and we strongly support the proposed funding level of $10.8 million in FY95 as a key strategy to addressing this critical minor-use pesticide problem.

Water Quality Research

AAN supports the proposed funding of $4.5 million in FY95 to continue CSRS water quality research as part of a coordinated government-wide initiative. AAN concurs with the major objective of this CSRS program to provide the agricultural community, including the nursery industry, with the information necessary to voluntarily adopt improved, environmentally sound management practices which do not sacrifice profitability. This supports AAN's goal in establishing the nursery industry as the champion of prudent water management.

ECONOMIC RESEARCH SERVICE (ERS)

Continuation of Economic Analyses of the Nursery Industry

ERS provides agricultural economic information addressing the concerns and decision-making needs of farmers, consumers, extension workers, and government officials. For example, ERS provided the nursery farmer cash receipts statistics found at the outset of this testimony. The nursery industry relies heavily upon this ERS data -- it is this nation's single source of such vital nursery industry statistics. These comprehensive data analyses are simply not available elsewhere. It is absolutely critical that ERS continue such analyses for the nursery industry -- one of the largest and most successful sectors in agriculture. In fact, several leaders of the House Agriculture Committee sent a joint letter in June 1993 to the Secretary of Agriculture strongly urging the continuation of this ERS information support on the nursery and greenhouse industry. AAN requests Congress to appropriate or redirect $95,000 in FY95 specifically for ERS to continue providing these critical economic analyses of the nursery and greenhouse industry.

EXTENSION SERVICE (ES)

The Extension Service network provides invaluable scientific information to U.S. agriculture, horticulture, and the general public. In particular, AAN wishes to bring attention to two key ES programs. First, AAN supports the proposed increase in FY95 to $10.459 million for critical Integrated Pest Management training and education programs. Secondly, in seeking stable funding for pesticide impact assessment work, AAN supports the proposed FY95 funding of $3.363 million to generate use/benefits information for key pest management tools and strategies.

As in past years, Mr. Chairman, AAN genuinely appreciates this opportunity to present the nursery industry's views regarding agricultural research and USDA's annual proposed budget. Thank you for your consideration and we look forward to continuing to work with you and your staff.

GEOGRAPHIC INFORMATION SYSTEMS (GIS)

WITNESS

MARGARET MAIZEL, NATIONAL CENTER FOR RESOURCE INNOVATIONS

Mr. DURBIN. We have two witnesses left. Margaret Maizel. You have been so patient and hopeful.

Ms. MAIZEL. All right, thank you. I will cut this short too, if I can.

Mr. DURBIN. Thank you.

Ms. MAIZEL. I talk fast. Mr. Chairman and Mr. Skeen, thank you again for letting me come back this year. I'm Margaret Maizel, founder for the National Center for Resource Innovations and the PI of NCRI, and the executive director of the Chesapeake project.

NCRI, as you know, is a private, non-profit corporation. They were established with bipartisan support in 1990 with just $500,000. We started with three project sites and a national office. We've grown to six sites now with funding of $1.075 million.

Our mission is to deliver collaboratively and innovatively GIS and related technologies to public policymakers.

The need for NCRI was recognized by Congress in 1990 because it was seen that there needed to be a non-profit organization working in the public interest between academic institutions where GIS and educational systems are developed, and federal agencies where large field level data systems are also housed and implemented.

The structure for technology transfer for NCRI as endorsed in 1990, was re-endorsed in 1993 in the national competitiveness act where it was recognized that this kind of consortium is the optimum way for technology transfer and technology access.

Each NCRI project site has specialized expertise that we share within the site. It strengthens NCRI. It aids in problem-solving. It facilities technology approaches, and it avoids duplication of effort.

The concept works. Because we are a group of scientists and as Congressman Brown has observed, science transcends a lot of geopolitical boundaries that many diplomats wish they could also do, and that is working for NCRI.

Rather than go through the significant accomplishments of each project site which are outlined there in my testimony, I really will just like to close.

We are doing good work. We are very proud of our unique and cost-effective program. We do just operate on $1 million plus a little. We develop cost-sharing programs and we are at many sites recovering more than 100 percent of our CSRS funds from other sources.

We look forward to the next five years of real accomplishment. We are very proud of the cooperation we have had with USDA and support through this committee.

You probably have seen this national publication of ground water vulnerability that we published with the soil conservation service where watersheds were identified for priority addressing of technology and science.

I would love to answer any more questions. I hope you think this was quick enough, and thank you for having me to testify.

Mr. DURBIN. You did just fine. Thank you for your testimony.

Ms. MAIZEL. You're welcome.

Mr. DURBIN. We need your data base and information to make some important environmental decisions about where to invest our limited resources.

Ms. MAIZEL. We would love to help you, help the committee with it. We've got all kinds of options and scenarios, especially with the economic research service who does good work too.

Mr. DURBIN. Thanks.

Ms. MAIZEL. Thank you very much.

Mr. DURBIN. Mr. Skeen.

Mr. SKEEN. Thank you. Thank you for being here, and thank you for being so patient.

Ms. MAIZEL. Have Bob call us anytime we can be of assistance for you.

Mr. SKEEN. We'll do it.

Ms. MAIZEL. Okay, thank you.

[The information follows:]

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March 21, 1994

Richard J. Durbin, Chairman
Subcommittee on Agriculture, Rural Development
Food and Drug Administration, and Related Agencies
Room 2362 Rayburn Building
Washington, DC 20515-6015

Dear Mr. Chairman:

As ever, we appreciate this opportunity to present testimony to the House Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies.

BACKGROUND - The National Center for Resource Innovations (NCRI) is a private non-profit organization established with bi-partisan support by Congressional appropriation through the U.S. Department of Agriculture in 1990. The House and Senate conferees provided $500,000 in that year to USDA's/Cooperative State Research Service for the establishment of regional centers for the Chesapeake Bay region co-located at the corporate offices in Rosslyn, VA; the South Georgia Regional Development Center in Valdosta, GA; and the University of Arkansas in Fayetteville, AR.

At a funding level of $750,000 in 1991, the University of North Dakota at Grand Forks, ND and the Central Washington University at Ellensburg, WA were added as new regional centers. In 1992 and 1993 $1.0 million was provided by both the House and Senate for these five sites. The University of Wisconsin-Madison was added as the sixth project site in 1992 with parallel funding through CSRS in both 1992 and 1993. In 1994, NCRI's funding of $1.075 million included Wisconsin's CONSOIL project.

ACCOMPLISHMENTS AND NEEDS - In this testimony, NCRI wishes to document its accomplishments and plans for meeting its mission to improve the sustainability of irreplaceable rural natural and cultural resources through better public policy. Funds allocated to NCRI are distributed to sites by NCRI's Board of Directors. Realistically, our program funding needs are $3.45 million for six project sites in FY '95. $1.8 million is the minimum level of federal funds required in order to make real strides in technology transfer. At this level the Board of Directors has determined that part of these funds would be allocated to the sites on the bases of merit review.

NCRI operates primarily at the nexus of academic centers where GIS technology and educational techniques using these technologies are often developed and federal or regional agencies where field level information systems are located. That this structure supports a national agenda was echoed in 1993 in the National Competitiveness Act of 1993 (or S4) recently enacted by Congress.

NCRI is truly organized as a cooperative program with a national agenda coordinated by its corporate offices here in Rosslyn, VA. The advantage of a consortium of regional centers is that each site has unique points of expertise, exchanging specialized technical support and thereby strengthening the whole project by sharing resources and experience in building these complex and comprehensive information systems. Site-to-site technology transfer and networking builds NCRI's overall capabilities, aids in problem solving, facilitates consistency in technical approaches and avoids duplication of efforts.

Specific multi-site collaborative projects are underway to extend NCRI technology through distance learning around the country, monitor the adoption and diffusion of LIS/GIS technology to local governments, develop a National Spatial Data Infrastructure (NSDI) conceptual model, strengthen relationships with local advisory and/or technical groups and participate in regional, national and international LIS/GIS conferences. As observed by Congressman George E. Brown, Jr. in his recent white paper on "Big Science", 'there is (indeed) a free flow of information in the international (and national) research community .....(that transcends) the geopolitical unity that most politicians and diplomats only talk about building'. It works right here within NCRI.

NCRI CHESAPEAKE, INC. (NCRI-CB)

Co-located with NCRI's corporate offices, the Chesapeake Project is a cooperative effort between NCRI-Chesapeake and federal agencies to meet the objectives of the Chesapeake Bay Restoration Act of 1993. NCRI-Chesapeake's early work focussed on a national GIS which prioritized watersheds with potential for contamination of ground water from farm chemical use.

Chesapeake Bay Decision Support System (CBDSS) is an evolving, multi-layer and hierarchical, comprehensive and coordinated GIS-based capability for resource managers and other policy makers in the 42 million acres of the watershed. The system is being developed cooperatively as a technology sharing project by NCRI-Chesapeake and two agencies of USDA (the Soil Conservation Service and the Economic Research Service, two universities (Penn State and Virginia Polytechnic Institute), the SCS North east national technical center in Chester, PA and SCS National Headquarters. The U.S. Geological Survey's Water Resources Division, has been invited to join the group. Other federal agencies will join as the project evolves.

Indexes for assessing potentials for leaching of pesticides fertilizer, and nutrients to ground water together with associated impacts of surface water and sediment containing soluble and adsorbed pesticides, chemicals, and nutrients have been developed. The State Conservationists have decided to work together using this system to focus program-based technology, personnel, research and funds on areas in the region with identified problems in order to protect the Bay.

This Spring the first components of the entire system are being transferred to the six State offices of SCS and from there, it will be transferred to state agencies and other organizations in the region.

NCRI-Chesapeake and NCRI-NC have decided work together with scientists at Oregon State and Michigan State University to exchange expertise on ecosystems, high level weather information in a national perspective and among four respective project areas.

UNIVERSITY OF ARKANSAS-FAYETTEVILLE (NCRI-SW)

NCRI-SW is located on the campus of the University of Arkansas (UA) - Fayetteville. Through University support and hardware and software grants, these programs have a fully-equipped research, training, and outreach facility capable of demonstrating a wide range of software for GIS, remote sensing, spatial statistics, and database management.

NCRI-SW has focused on technology transfer through training, the development of statewide GIS data bases, and representative projects demonstrating the cost benefits of GIS technology. Projects are carefully chosen through consultation with the appropriate state and local officials. They include the

Arkansas Database Project; a needs assessment project for Harrisburg, Arkansas; Metroplan Urban Landuse and Temporal Changes Mapping project of the four county Little Rock metropolitan area; and the Rural Infrastructure Mapping project to evaluate high-resolution, "hyperspectral" imaging systems to provide rural mapping needs.

The NCRI-SW mission has provided an opportunity for cooperation and communication among community administration agencies. To identify candidate areas for interagency cooperation and provide broad-based planning guidance, NCRI-SW staff works closely with representatives of county governments, 911 programs, the Soil Conservation Service, Farmers Home Administration, Agricultural Stabilization and Conservation Service, and the Cooperative Extension Service. A comprehensive, multi-agency GIS needs assessment project for Washington County was started after completion of a similar project for Pulaski County.

In 1993, more than 150 individuals attended short-courses at NCRI-SW. Included were three introductory and one advanced applications class in GRASS software, a relational database class, Fundamentals of Global Positioning Systems, spatial database editing, and GIS in Soil Science. An Introduction to GIS course was specifically designed for county and local government personnel.

The NCRI-SW Technical Director has been appointed to the State Mapping Advisory Board established to create a statewide Land Records Modernization Board and set a statewide policy in regard to GIS.

SOUTH GEORGIA REGIONAL DEVELOPMENT CENTER (NCRI-SE)

NCRI-SE's program in Georgia is an integral component of the South Georgia Regional Development Center - a regional agency that supports local governments across ten counties. NCRI's primary objective is to encourage the use of geographic information for ecologically responsible decision-making in this primarily rural region.

"Real world" presentations by NCRI-SE using actual local government projects as examples provide an effective method of demonstrating the value of GIS. NCRI-SE also provides direct assistance through "hands on" advice and training to GIS projects in the region.

One of the most successful programs at NCRI-SE is the Global Positioning System (GPS) program that was established in cooperation with the National Geodetic Survey/NOAA. This program provides data from its GPS Base Station to state, federal and local agencies within a 300 mile radius. The GPS units themselves have increased the ability of local governments to collect data and make maps at a much lower cost than was previously possible

This past year NCRI-SE developed a working model for GIS technology transfer. The city involved in this pilot project had the task of managing the growth of utilities and services while meeting federal and state environmental regulations. NCRI-SE assisted in the development of a user-friendly GIS. By incorporating existing maps and using GPS to collect custom information, the city saved money in the creation of the GIS while the GIS itself saves money by better management of infrastructure. This pilot is a template for low budget GIS solutions in local government.

UNIVERSITY OF NORTH DAKOTA-GRAND FORKS (NCRI-NC)

NCRI-NC at the University of North Dakota is housed at the Institute for Earth Systems Sciences which also incorporates Atmospheric Sciences, Space Studies and the Department of Geography. NCRI-NC's interdisciplinary research is supported at the Institute by the Center for Aerospace Science's Scientific Computing Center which houses a CRAY X-MP supercompter and the Regional Weather Information Center. The resource issues in the region are related to the enhancement and protection of farming and ranching which are principal contributors to the region's economy.

NCRI-NC is currently concentrating on promoting and developing GIS applications at the local and state levels. A project recently completed involved GIS technology transfer to Larimore, ND for assistance in well-head protection. Current projects include assisting in the development of the Grand Forks county addressing system using the ND state emergency system and the Grand Forks county addressing system; development of the importation and overlay of UND Doppler radar for Grand Forks and a Trail county highway department weather response; development of the ND volunteer precipitation data base for analysis with land use/land cover for moisture availability and moisture needs assessment; and providing GIS technology assistance to eastern North Dakota and northwestern Minnesota for severe weather tracking and assessment.

NCRI-NC presently participates with the North Dakota Governor's Task Force on Geographical Information System Technology Transfer which is attempting to expand the use of GIS across the state. Joint activities have also been developed with the UND Regional Weather Information Center and the North Dakota State University Department of Geosciences to foster improved use of GIS in elementary and secondary education within North Dakota.

CENTRAL WASHINGTON UNIVERSITY (NCRI-NW)

Resource issues in the Yakima valley and eastern regions of Washington state include irrigation of agricultural lands, county planning needs, Native American Peoples interests, and endangered species habitat protection -- particularly that of old growth forests. NCRI-NW continues to provide technical support and consultation to several county governments. One current project in ongoing work with Kittitas County is to obtain Priority Habitat Species data and automate it for the County Planning Department's GIS. Additionally, NCRI-NW has provided technical advice regarding hardware and software purchases to the Kittitas Reclamation District (KRD) for automation of their paper maps. CWU students have been trained for this project and NCRI-NW will provide project oversight until KRD personnel can assume this task. NCRI-NW is also helping the Yakima Indian Nation Water Resources Division in the conversion of their paper maps and tabular data bases to a usable GIS.

Pen Oreille County is a small, rural county, population 11,000, in north east Washington. The Public Works Department requested NCRI's assistance in implementing a county GIS and it was decided to contact other local entities to determine their interest in participating in a county-wide GIS. The county Planning Director is pursuing a grant to finance equipment purchase and a full-time GIS position.

NCRI-NW is also cooperating with the Washington state Department of Natural Resources on two projects. NCRI-NW is converting the cooperative Soil Conservation Service's detailed soil surveys and the U.S. Geological Survey's 1:100,000 scale geology maps to machine-readable form for the state of Washington. Both of these digital map products will be used by state and local agencies for planning and resource management.

UNIVERSITY OF WISCONSIN-MADISON (NCRI-GREAT LAKES)

The NCRI-Great Lakes project site is located at the Land Information and Computer Graphics Facility at the University of Wisconsin-Madison in the College of Agricultural and Life Sciences. The Facility was instituted in 1983 to function as a research, teaching and outreach resource in land and geographic information systems (LIS/GIS).

Use of LIS/GIS for regional landscape planning (among other local projects) is being developed to support the social, economic and environmental decision making process in including a forest resource management system for a local citizen advisory committee in the Kickapoo River Watershed.

Most land records are created, managed, and used at the local level. Establishment of uniform specifications and standards for spatial data development in local governments is the basis for a consistent information system development. A major focus of NCRI-GL is developing a National Spatial Data Infrastructure model for local governments. Information generated from automated land records will provide the essential elements of a nation-wide spatial database on natural resources. Successes in institutionalizing procedures for automating and managing land records with research in concert with local government groups led to passage of Wisconsin law implementing a state-wide incentive program to aid counties in automating land records. That law now serves as a standard across the nation as states struggle to integrate the shared data demands between municipalities, counties, and state activities.

Current research is geared towards determining factors that hinder or encourage the implementation of automated GIS/LIS. A survey instrument for this assessment is being developed to monitor the adoption and diffusion of LIS/GIS at the county level. This will also be applied at other NCRI sites for this assessment.

We are immensely proud of our unique and effective national program that already is producing better resource information systems in collaborative and cooperative efforts. We have accomplished much in our short lifetime and look forward to our next productive year working for increasingly better public policy resulting from our collective good works.

The federal appropriation requested for FY '95 in the amount of $1.8 million will allow NCRI to continue to meet its very large mission.

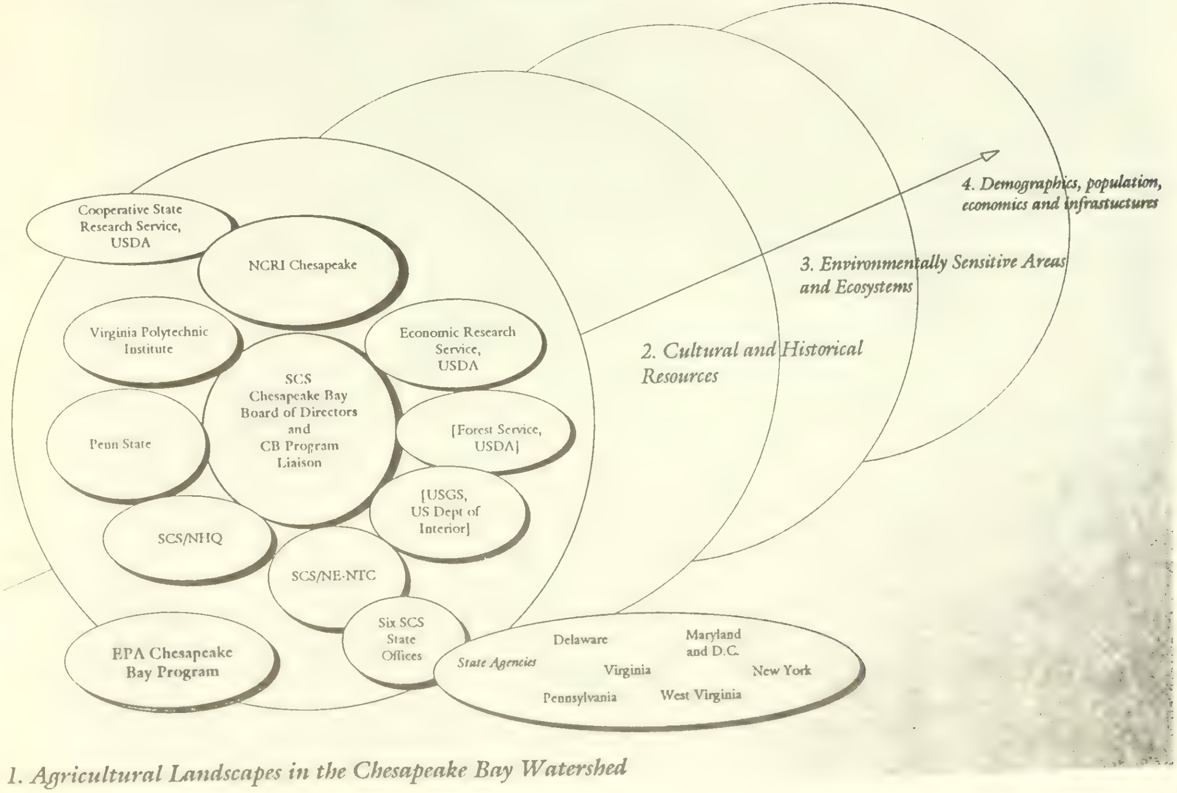
Thank you again for this opportunity to submit testimony.

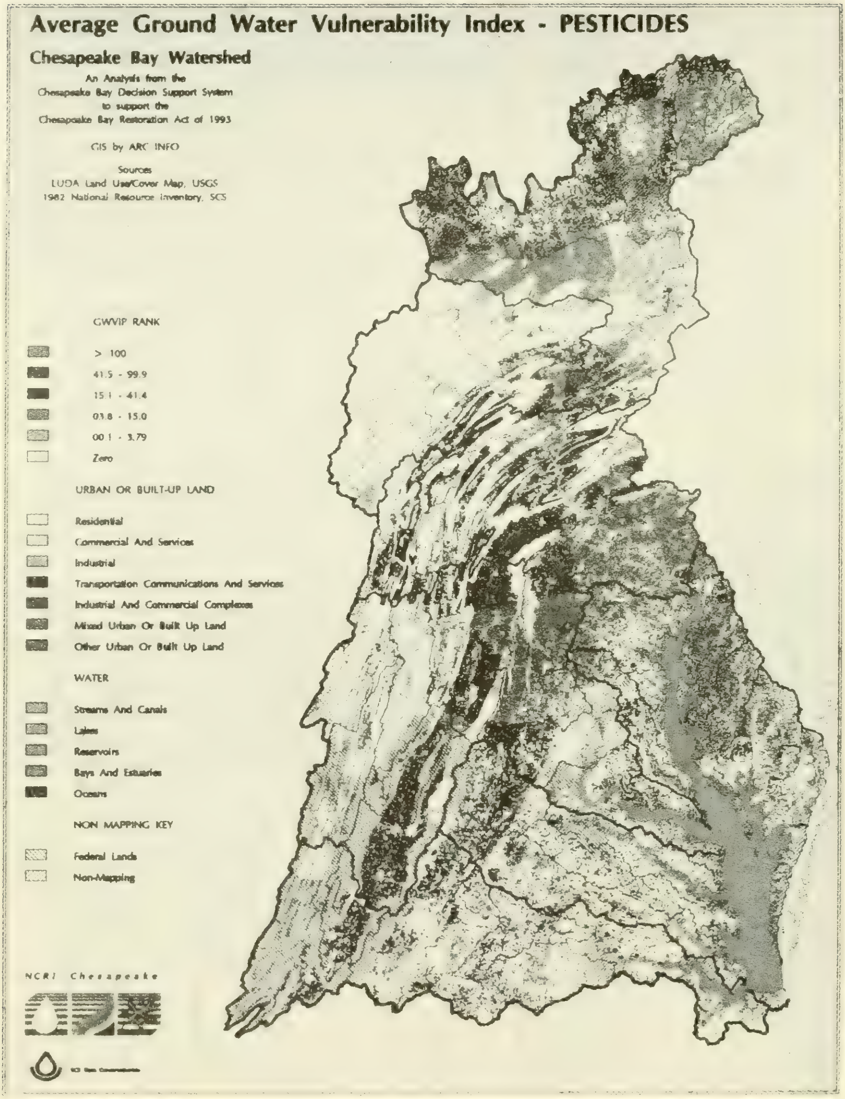
Sincerely,

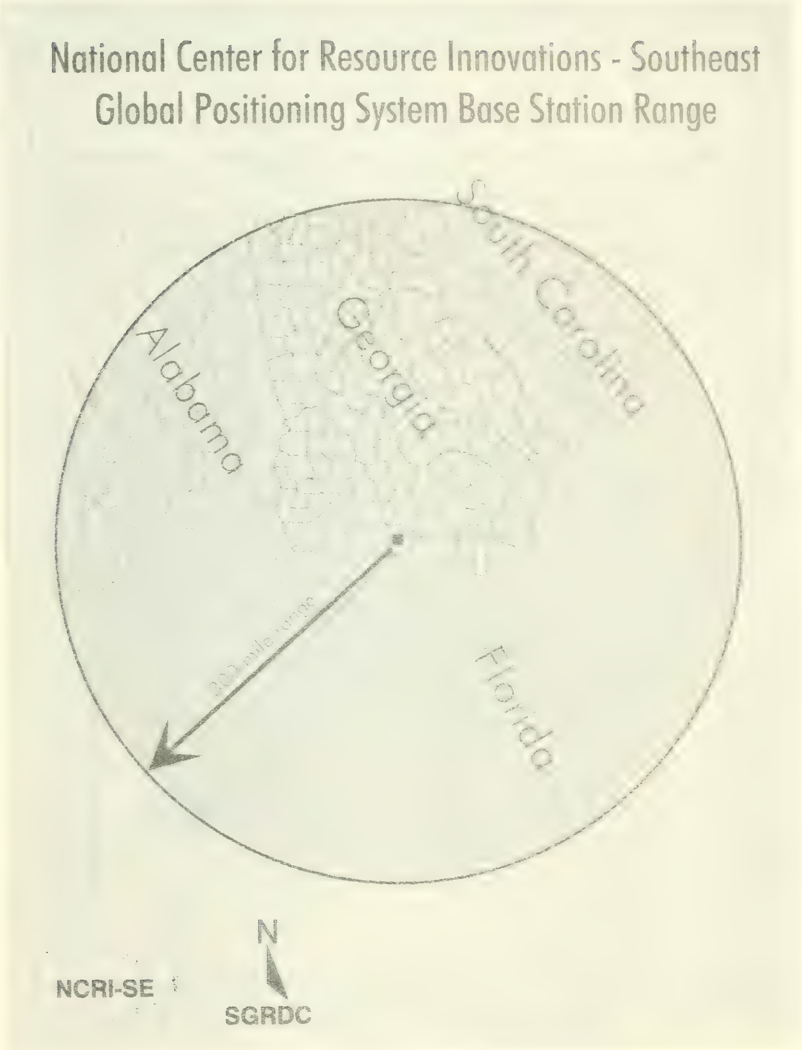
Margaret S. Maizel
Executive Director
NCRI Chesapeake, Inc.

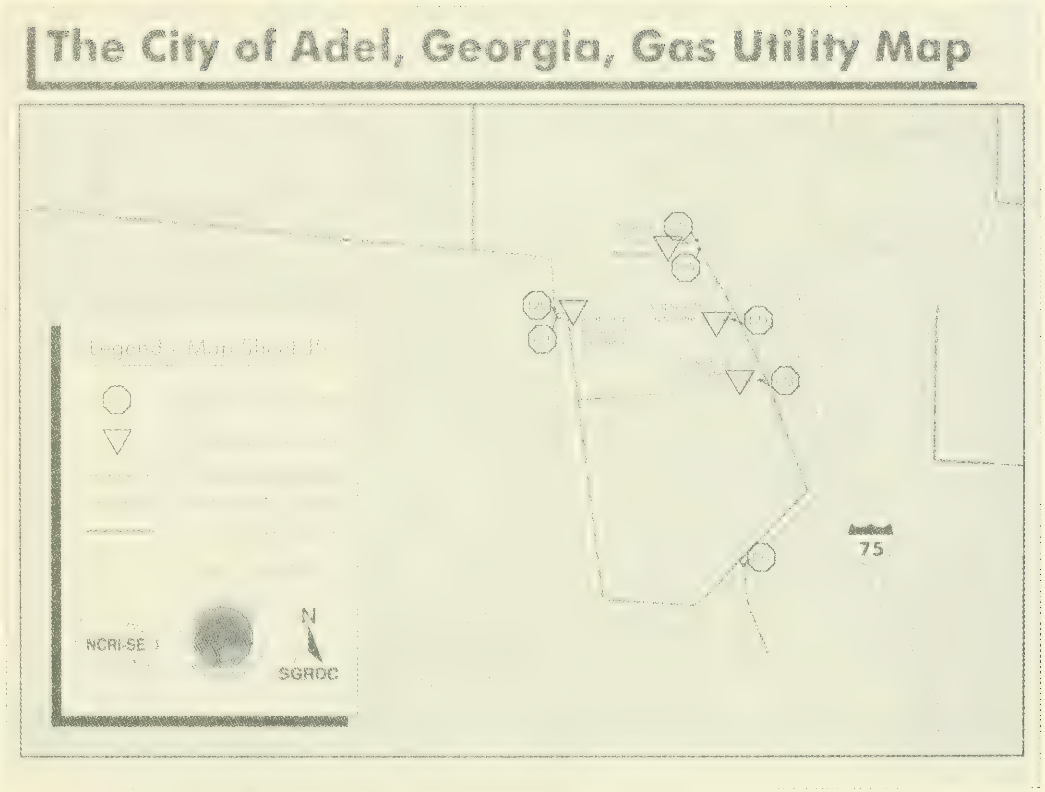
The Chesapeake Bay Decision Support System Working Group

for Technology Partnerships and System Evolution


Cooperative State Research Service, USDA
NCRI Chesapeake
Virginia Polytechnic Institute
Economic Research Service, USDA
SCS Chesapeake Bay Board of Directors and CB Program Liaison
Penn State
[Forest Service, USDA]
[USGS, US Dept of Interior]
SCS/NHQ
SCS/NE-NTC
Six SCS State Offices
EPA Chesapeake Bay Program
State Agencies
Delaware
Maryland and D.C.
Virginia
New York
Pennsylvania
West Virginia
1. Agricultural Landscapes in the Chesapeake Bay Watershed
2. Cultural and Historical Resources
3. Environmentally Sensitive Areas and Ecosystems
4. Demographics, population, economics and infrastuctures


Average Ground Water Vulnerability Index - PESTICIDES
Chesapeake Bay Watershed
An Analysis from the
Chesapeake Bay Decision Support System
to support the
Chesapeake Bay Restoration Act of 1993
GIS by ARC INFO
Sources
LUDA Land Use/Cover Map, USGS
1982 National Resource Inventory, SCS
GWVIP RANK
> 100
41.5 - 99.9
15.1 - 41.4
03.8 - 15.0
00.1 - 3.79
Zero
URBAN OR BUILT-UP LAND
Residential
Commercial And Services
Industrial
Transportation Communications And Services
Industrial And Commercial Complexes
Mixed Urban Or Built Up Land
Other Urban Or Built Up Land
WATER
Streams And Canals
Lakes
Reservoirs
Bays And Estuaries
Oceans
NON MAPPING KEY
Federal Lands
Non-Mapping
NCRI Chesapeake


National Center for Resource Innovations - Southeast
Global Positioning System Base Station Range


The City of Adel, Georgia, Gas Utility Map
Legend - Map Sheet #
75
N
NCRI-SE
SGRDC

Mr. DURBIN. We have three additional statements that have been provided to the Committee for the record. Without objection those statements will be inserted in the record at this point.

[The information follows:]

MAR 25 1994

Georgia Pecan Growers Association, Inc.

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Leesburg, GA 31763

(912) 759-2187

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100 McArthur Dr.
Camilla, GA 31730

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March 18, 1994

Office of the Honorable Richard Durbin
The Subcommittee of Agriculture
Rural Development, Food & Drug Administration
and Related Agency
Rayburn Building - Room 2362
Washington, DC 20515-6016

Dear Sir:

The Georgia Pecan Growers Association, Inc. would like for the enclosed letter to be included with your written testimony for the retention of the W.R. Poage, USDA Pecan Breeding and Genetics Program at the Brownwood Station.

Thank you.

Sincerely,

Joe B. Adams, Jr.

Joe B. Adams, Jr.
President

Enclosure

To Encourage Research, Education and Promotion of Georgia Pecans

Georgia Pecan Growers Association, Inc.
18 Quail Street
Leesburg, GA 31763
(912) 759-2187

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Larry Wilson
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Albany, GA 31702

James Lee Adams
275 Industrial Bvd.
Camilla, GA 31730

March 3, 1994

The Honorable Mike Espy
Secretary of Agriculture
U.S. Department of Agriculture
14th Street & Independence Avenue SW
Washington, DC 20250

Dear Sir:

The Georgia Pecan Growers Association, Inc. strongly supports the retention of the W.R. Poage, USDA Pecan Breeding and Genetics Program at the Brownwood Station. This program has widespread importance.

The Brownwood program represents the only pecan breeding and genetics program in the world. Pecans represent the only "native nut" crop of commercial importance in the U.S. The Brownwood program is the only one capable of bridging the gaps between uncollected, endangered, genetically valuable native germplasm and improved cultivars.

The Brownwood program is critical to the development of management strategies for the reduction of pesticide usage in the U.S. (through the breeding of pest resistant cultivars) which interfaces further with the needs of other vital concerns such as "food safety", "worker safety", "water quality" and other related environmental concerns.

The pecan industry has continuously aspired to develop "Integrated Pest Management" strategies pursuant to societal protection through reduced pesticide usage. This important objective would be seriously jeopardized with the potential loss of this program.

The pecan industry is unique in comparison to other agricultural commodities because it does have the potential to develop sustainable strategies. The pecan industry is made up of several large and many small producers and their survivability is very dependent upon continuation of this Brownwood program.

The sustainability of other important agricultural and horticultural commodities (e.g. citrus, almonds, cotton, forestry) also have the potential of benefitting from Integrated Pest Management advancements relating to advances indirectly associated with this program.

(more)

The past payback and benefits derived from this program are much too numerous to list, but some of the key benefits include:

(a) The pecan cultivar "Pawnee" released in 1984 by Brownwood is the most aphid resistant cultivar ever tested. Yellow aphids are the most destructive insect in pecans.

(b) "Scab", the most destructive disease in pecans, can best be controlled with resistant cultivars. There would be no pecan production east of Central Texas without genetic scab resistance. Genetic resistance to scab is not static. Resistance breaks down over time, and new cultivars are necessary to replace susceptible cultivars in the pecan industry.

(c) The percentage of improved pecan cultivar production has increased steadily from 46% in 1953, to 66% in 1991. This reflects a dynamic industry that is relying less and less on native pecan production and more on new cultivars. The Brownwood program has continuously supplied the cultivars needed to sustain the pecan industry.

In conclusion, we in the Georgia Pecan Growers Association, Inc. implore you to retain the relatively small funding required to continue the Brownwood Program which is vitally important to the future survival of the entire industry.

Sincerely,

Joe B. Adams, Jr.

Joe B. Adams, Jr.
President

c:
US Senator Paul D. Coverdell
US Senator Sam Nunn
Phil Gramm
Thad Cochran
Dale Bumpers
Tommy Thompson
Texas Pecan Growers Assoc.

Representatives
Robert Ray
Newt Hudson
Charles Stenholm
Sanford Bishop
Cynthia McKinney
Jack Kingston
Jamie Whitten
Richard Durbin
Joe Skeen

TEXAS PECAN GROWERS ASSOCIATION
P.O. DRAWER CC
COLLEGE STATION, TEXAS 77841
Phone (409) 846-3285
Fax (409) 846-1752

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VICE PRESIDENT
GERALD KNAPP
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Purdon, Texas 76679

EXECUTIVE VICE PRESIDENT
CINDY LOGGINS WISE

March 14, 1994

Office of the Hon. Richard Durbin
Subcommittee of Agric., Rural Dev., FDA and Related Agencies
Room 2362, RHOB
Washington, DC 20515-6016

The Texas Pecan Growers Association requests that the following statement be entered as written testimoney for the record on the matter of the proposed USDA-ARS budget cuts which would close the W.R. Poage Pecan Station in Brownwood, Texas.

The Texas Pecan Growers Association, representing over 600 pecan growers, was recently astounded and dismayed to learn of the proposed closing of the W.R. Poage Pecan Station in Brownwood, Texas, due to cuts in the USDA-ARS budget. We wish to express and emphasize our support for the Pecan Station in Brownwood and the extremely important Pecan Genetics and Breeding Program which is headquartered there. Our industry cannot afford to lose this vital foundation which is a critical link in most research efforts regarding pecans.

•This is the only pecan breeding program within the entire U.S. pecan industry. Its elimination would jeopardize the existence of the industry in the southeastern states by terminating work toward scab-resistant pecan varieties. Additionally, work is underway to develop varieties resistant to various insects, primarily aphids, which would reduce pesticide use, a benefit to the grower and to our environment.

•The breeding program is a long-term program which demands continuity. It cannot be interrupted and later resumed where it left off. The many years invested in this profitable breeding and genetics research will be lost if the program is cut.

•The breeding program is very cost effective. Its budget of $572,000 is only a fraction of the returns that growers realize each year as a result of the USDA pecan varieties developed through this program. However, the current varieties cannot fulfill the needs in the years ahead. Productive, pest-resistant pecan varieties are greatly needed and, as already mentioned, this program offers the only hope for progress in this arena.

•The breeding program, headquartered at Brownwood, Texas, is optimally located in the heart of the pecan belt. Pecan growers, the majority of which are small, family farmers, have directly and personally benefited from the invaluable work disseminated from this central location. Likewise, the larger commercial

-DIRECTORS-

District 1	District 2	District 3	District 4	At-Large	Advisors
BETTIE OLSAK San Angelo	DOUG HEWETT Corsicana	DON MOORE Dublin	TIM LEONARD Eagle Pass	ERROL JOHN DIETZE Cuero	BLUEFFORD HANCOCK Education
JOHN SIMS Gardendale	ALAN MCNEILL Beaumont	PAUL LOLLAR Dublin	TOM SCHOOLCRAFT Seguin	JIM ANTHONY Fort Worth	DR.J. BENTON STOREY Research

operators have profited proportionally. Texas pecan growers in particular have gained a first-hand appreciation of and familiarity with the breeding program. The central location is also appropriate for developing and testing varieties suited to the western irrigated conditions as well as the humid southeastern climate.

These are only a few of the many positive aspects regarding the work underway at the W.R. Poage Pecan Station. Our association, representing more pecan growers than any other state or regional grower organization, respectfully requests that you make every effort to oppose the closing of this vital research facility.

Sincerely,

B. Michael Adams
President

Representative Richard Durbin (D-Ill.)
Chairman-Agriculture,rural development
and related agencies subcommittee of
Appropriations
2362-A Rayburn Office Bldg.

TESTIMONY SUBMITTED ON RESTORING CUTS TO SEC. 416 SURPLUS COMMODITIES FOR USE IN DOMESTIC FOOD BANKS AND INTERNATIONAL RELIEF AND DEVELOPMENT

BILL SHICKLER
MEMBER-RESULTS-THE CITIZENS' ANTI-HUNGER LOBBY AND FOUNDER OF
MEDIA WATCH ON HUNGER AND POVERTY

Mr. Chairman,

I welcome this opportunity to bring to the attention of the subcommittee the extreme **importance** of the surplus commodity Sec. 416 part of the Agriculture Act of 1949. But first, just a bit of information on RESULTS and Media Watch on Hunger.

RESULTS is a 501 c(4) non-profit **non-tax-exempt** lobbying organization dedicated to creating the political will to end hunger. I stress the point of RESULTS non-tax-exempt status because it is the critical factor that enables us to acheive results. Our primary work is done by our 105 groups in the U.S. and in nine other countries, by writing letters to newspapers, appearing on radio and television programs, meeting with our Representatives, and holding special events, such as vigils, press conferences, dinners, and public meetings. I include for the record a piece done on RESULTS that appeared in PARADE magazine, which is circulated through other newspapers to a readership of 34 million people.

Some of RESULTS successes include working with UNICEF to increase world immunization coverage for children from 20% in 1980 to 80% in 1991. During this period we successfully lobbied to have the US contribution to UNICEF increased from former-President Reagan's 0$ allocation in 1984, to over $100 million in 1990. We were a principal force in coordinating events in 35,000 cities and villages worldwide, culminating in the World Summit for Children , held at the United Nations in 1990. This meeting of 75 heads of State, was the largest single gathering of heads of state **ever held in history!** The goals for ending the deaths of over 35,000 children **per day**, were agreed upon, and RESULTS moved forward from that watershed event, to promotion of the World

Summit for Children Implementation Act, which still incorporates the funding goals for Child Survival activities, basic education, micronutrtion, and safe water that are the committments that the United States made at the World Summit for Children. Mr. Chairman, given your concern reflected in the now-deceased Select Committee on Children, Youth and Families, I'm sure you will appreciate the accomplishments RESULTS has had in reducing child hunger, through it's work on increasing WIC, HEAD START , and The McKinney Emergency Aid to the Homeless Act. Time requires that I limit this list at this point.

Media Watch on Hunger is an outgrowth of media work done particularly prior to, and during the Somali famine. Presently Media Watch on Hunger and Poverty is a public access television production focusing on issues of hunger, the lack of coverage by the media, and public policy response.

Mr. Chairman, the critical nature of Sec. 416 surplus commodities cannot be overstated. I include for you information from the Office of Foreign Disaster Assistance from August 1992, when 125,000 metric tons of Sec. 416 surplus corn had to be drawn **from the upcoming fiscal year!!** This chaotic state of affairs came about as a result of the funding for Sec. 416 commodities running dry in mid-July. This affected domestic food banks as well as international relief activities. Since the US does not maintain a stategic food reserve, as we used to do with petroleum, we have used Sec. 416 as a source for emergencies that engulf our Food For Peace allocations. The so-called market reforms that have taken place that reduce food production, also would have been catastrophic, had we not had the good luck of having corn surpluses the last two years. Sec. 416 surpluses are desperately needed worldwide for World Food Program activities. Because the West was trying to make the world safe for capitalism, we shipped a huge amount of commodities to the former Soviet Union. The World Food Program shipped a record **14 million metric tons** in 1993, close to double it's normal activity. Unfortunately, areas such as Sub-Saharan Africa, which then **and now** are suffering from drought, war and famine, were left in the lurch. OFDA estimates **this year** in Sudan are of a need to import over 400,000 metric tons of cereals. The crop failure in sourghum and rice are catastrophic. The civil war in Sudan has produced over 100,000 refugees fleeing fighting **in just the past 3 weeks** according to ACROSS, an ngo operating in Southern Sudan. The World Food Program issued an emergency appeal for $14 million for an emergency airlift to victims of this latest out break.

The demands to be made on World Food Program are definitely going to increase. I have included in my testimony an article written by Farouk El-Baz , a former UN Undersecretary at the UN Environmental Program, which appeared in the Washington Post. Mr. El-Baz, a geologist by training, presents the geological case , that the Sahara desert is undergoing a cyclical process, in which it migrates southward, up to 500 miles and then stays for several hundred years, afterwhich it then recedes to it's former boundaries. This migration, which occurs every 25,000 years or so, appears to have begun again, during the middle part of this century. The climatic and long-term water implications of this migration, not just to desert lands, but to grasslands and other arable lands, are profound. This is another reason for taking the long view in determing the needs for World Food Program resources in the near-term and the long term.

To be sure, the US does not bear sole responsibility for the World Food Program. RESULTS has recognized this fact, and during the last several years, had it's members in RESULTS groups in Japan, Germany, UK, Australia, and Canada , all work to increase their countries committments to the World Food Program. However, the priorities of the US vis a vis resource committments within WFP, indicate that we seem to be more concerned about expanding capitalism,**than about saving lives, and preventing further food disasters.**

Just as the **FOOD FOR PEACE** program was not meant to be an advertising fund for agribusiness, we also believe that the World Food Program is not intended to be a wedge to establish agribusiness dominance in Russia.

Testimony has been given on the importance of Sec. 416 commodities for The Emergency Food Assistance Program (TEFAP). The present Administration has **shamefully** called for a 58,229,535 pound reduction in Commodity Supplemental Food (CSFP), and actually had the **shameless audacity to provide $0- yes that is correct-**$0 for commodities for TEFAP. In the consequent uproar, the cowards that tried this retreated back to a still-untenable funding level of $81 million. We support the $220 million level from fiscal 1993, even though ever-increasing demands are being made on this capacity.When **26 MILLION AMERICANS RELY ON FOOD FROM FOOD BANKS** then it is obvious that surplus commodities have to be provided, at an even higher level. I sincerely hope that the short amount of time allowed by this committee to the domestic part of this problem, is not a reflection of **lack of concern** which might be drawn from looking at the empty chamber, empty committee- member chairs, and late evening testimony time allocated to the domestic testimony on surplus commodities.

Mr. Chairman,

Much mention of cuts in the budget have been made during these hearings, as well as other hearings all over Capitol Hill. Mandated cuts have been cited with wringing hands, as the over-arching backdrop for funding decisions here in Congress, decisions which all too often **are balancing the budget on-the-backs-of-the-poor** decisions. This is not a new phenomenon, and the public, grass-roots response to this type of class warfare, is a new, ever-growing, and media-wise campaign that will restore sanity to the priorities of our country. Please make no mistake, Mr. Chairman, that the anti-hunger movement will continue until the last second of this fiscal year, the next fiscal year, and all following fiscal years, to realign the priorities of this country to reflect the **true** needs of our people.

There is **no question** in the minds of many people, that the priorities the S&L industry became the priorities of the Congress in the past. I submit for insertion in the record , a Washington Post story on projections by the Resolution Trust Corp., on their estimates for closing costs to end the S&L clean-up. Please note that Treasury Dept. officials had reported only **10 days earlier**, that costs would range between $110 to $130 **Billion**, instead of the $30 to $40 **Billion** projected by Resolution Trust. Add to this chaos, the fact that the heads of many failed institutions are now showing up in the new, supposedly stable institutions, and we get a clearer idea of how the public has been made to bankroll the **continuing** monopolization of financial power in the US. Clearer still, is the **fact the the largest single contributing institution to PACs in the US, is the American Banking Association!**

In the past, the S&L crisis was portrayed by the media-elite, as an EGO (eyes-glaze-over) type issue for the American public. Perhaps one of the fall-outs of the present Whitewater affair, is that talk-shows and other mainstream media, have brought to the attention of the mass of the American public, the skewering of priorities of the budget, due to the inordinate influence of PAC money, particularly PAC money coming from S&L industry sources.

Mr. Chairman, aside from the damage done to the budget from these financial oligarchs, the twisting of budget priorities are also a left-over from the S&L debacle. One obvious answer to the deficit dilemma, would be to demand from the institutions benefiting from interest payments on the national debt, to be forced to renegotiate interest rates on the debt, as a way of repaying US government rescue of the entire S&L industry. Just as we would not blindly give arms to Iranian hostage-takers unless some assurance was given as to a quid pro quo if we gave them arms, we should not blindly collapse into the demands of an industry that we recently bailed out. The prominence of Banking industry political campaign contributions is now receiving ever-widening exposure, and the poltical cost of proping up this aspiring oligarchy is also increasing.

Mr. Chairman, again on the subject of where funding will come from for increasing Sec. 416 funding, I would draw your attention to the following. Since the "defense" build-up of the Reagan era, spending on defense increased in real terms, after adjusting for inflation, somewhere on the order of 4% per year. Some of the areas where this funding was drawn from, was in housing. Funding for HUD during the Carter years hovered in the $80 billion range. After Draconian cuts, the funding levels hover in the mid $20 billion range. However, we are told now that the Cold War is over. Our No. 1. security threat has been largely diminished. However, defense funding has still continued at Cold War levels. I direct your attention to Table 2 of my deposition. This information is compiled from the Center for Defense Information. The Center, established by Retired Rear Admiral Gene R. La Rocque, produces a television program, "America's Defense Monitor", which appears nationally on t Public Television System. You see a summary break-down of funding for Defense spending, with a bottom line of $212 **Billion**. I think that it has been brought out in public before, that the US currently spends more on Defense, than all other countries COMBINED!!

Mr. Chairman, I would ask the subcommittee to recall the 60 Minutes program on drug shipments made to this country **BY THE CENTRAL INTELLIGENCE AGENCY, ON THE ORDER OF HUNDREDS OF MILLION OF DOLLARS!!!** Clearly, the military intelligence budget is in **EXTREME NEED** of an overhaul, to clear out corruption and mismanagement.The public is now on track on this one, and the die is cast.

Clearly, Mr. Chairman, it is difficult to cut defense jobs. As many have been reluctant to admit, the Defense budget is in part a jobs bill, pure and simple. Representative Arlan Spector's appearance before the Supreme Court, on shipyard closings done by commission, is clear evidence of this situation. In our specific situation, increased funding for surplus commodities does provide jobs, in the agricultural sector. These are also jobs that can be spread nationally, as our production occurs in virtually every state. Further, the training to place people in agriculture is no where as rigorous as high-tech training would be.

In summation, Mr. Chairman, we strongly urge the Subcommittee to reject the $187 million cuts to the PL 480 program that involve surplus commodities, to restore funding levels for surplus commodities to 1993 levels, and that you act to restore TEFAP levels to the 1993 level of $220 million. Regardless of action taken by this committee, Mr. Chairman, the anti-hunger movement continues to grow in this country and throughout the world. We ask you to join us. When President Kennedy issued his challenge to the American people to reach the moon by the end of the decade, he also issued a second, and more profound challenge. He called upon the American people to eliminate hunger from the face of the Earth by the end of this century. We accept this challenge, and call upon every member of your committee to do the same. Thank you.

Mr. DURBIN. If we missed anybody, I'm sorry. We will come back tomorrow whether you like it or not.

TUESDAY, APRIL 12, 1994.

USDA PROGRAMS

WITNESS

HON. BART STUPAK, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MICHIGAN

Mr. PASTOR. We may have a vote at 4:00 o'clock, and Chairman Durbin is on his way, and in order to accommodate you, we will get the hearing started.

Mr. Stupak?

Mr. STUPAK. Good afternoon, and thank you, Mr. Chairman. I want to stress the need for the $1.2 million for the Great Lakes Basin program for soil erosion and sediment control through the soil conservation service of the Department of Agriculture.

Under the program, the monies would be directed to the Great Lakes Commission which then administers the program through an award of competitive grants.

Millions of tons of soil are lost each year in the Great Lakes region due to soil erosion and sediment.

I tell you what. You have my formal statement in front of you. I hear the bells ringing. What we basically would like to see is an increase in appropriations. Last year you appropriated a quarter of a million dollars for the Great Lakes region for soil erosion.

We used that quarter of a million dollars and we saved 425 tons of sediment from going into the Great Lakes Basin every year. As the sediment flows down without any kind of control, it goes in and it is a non-point source of pollution which pollutes the Great Lakes region.

We would like to see that increased from a quarter of a million to $1.2 million.

Also I would like to see continued funding for the ERA. We made a commitment when we did the budget which is supposed to be $66.4 million over five years. Was that last year? And then this year the administration is cutting about 70 percent of the funding down to $18.7 million, so I would like to see the REA go back to $66.4 million.

Again, I will be very brief. You have my formal announcement or statement in front of you.

Any questions?

Mr. PASTOR. Your written statement is part of the record.

Mr. SKEEN. I think he was pretty direct. We appreciate you being here.

Mr. STUPAK. Thanks.

[The statement follows:]

APRIL 12, 1994

STATEMENT OF CONGRESSMAN BART STUPAK TO THE SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES

MR. CHAIRMAN, I WOULD LIKE TO THANK YOU FOR HOLDING THESE HEARINGS TODAY TO PRESENT BEFORE THE SUBCOMMITTEE THE TRUE NEEDS OF OUR CONGRESSIONAL DISTRICTS.

I WANT TO STRESS THE NEED FOR $1.2 MILLION FOR THE GREAT LAKES BASIN PROGRAM FOR SOIL EROSION AND SEDIMENT CONTROL THROUGH THE SOIL CONSERVATION SERVICE OF THE DEPARTMENT OF AGRICULTURE. UNDER THE PROGRAM, THESE MONIES WOULD BE DIRECTED TO THE GREAT LAKES COMMISSION WHICH THEN ADMINISTERS THE PROGRAM THROUGH THE AWARD OF COMPETITIVE GRANTS.

MILLIONS OF TONS OF SOIL ARE LOST EACH YEAR IN THE GREAT LAKES BASIN DUE TO SOIL EROSION AND SEDIMENTATION. MORE THAN 600 MILLION TONS OF TOPSOIL ERODE FROM BASIN CROPLAND WITH A LOSS OF MORE THAN $3 BILLION ANNUALLY IN VITAL NUTRIENTS. THE INCREASED LEVELS OF SEDIMENTS AND NUTRIENTS THAT DRAIN INTO THE GREAT LAKES DEGRADE WATER QUALITY, CAUSING PROLIFIC WEED GROWTH, DECREASED OXYGEN LEVELS, CHANGES IN SPECIES OF AQUATIC PLANTS AND ANIMALS AND EVEN FISH KILLS.

MR. CHAIRMAN, 86 PERCENT OF THE SOIL ERODED IN THE MICHIGAN PORTION OF THE GREAT LAKES BASIN COMES FROM CROPLAND. THE ESTIMATED VALUE OF NUTRIENTS LOST IS APPROXIMATELY $120 MILLION.

TO CITE AN EXAMPLE FROM MY CONGRESSIONAL DISTRICT, WITH MONIES APPROPRIATED TO THIS PROGRAM IN THE LAST FISCAL YEAR, THE KALKASKA WATER CONSERVATION DISTRICT, COOPERATING WITH THE KALKASKA COUNTY ROAD COMMISSION AND THE RUGG POND NATURAL AREA ASSOCIATION, COMPLETED THE REPAIR OF 6 ROAD/STREAM CROSSINGS AND ONE ACCESS SITE. THE REPAIR OF THESE SITES VIRTUALLY ELIMINATES THE SEDIMENT LOADING INTO RAPID RIVER FROM THE ROADS, THEREBY SAVING 425 TONS PER YEAR OF SEDIMENT.

LAST YEAR, THE SUBCOMMITTEE DIRECTED $250,000 FROM THE SOIL CONSERVATION SERVICE BUDGET TO THIS PROGRAM. THE GREAT LAKES COMMISSION REPORTS THAT THERE IS AN INCREASING NEED FOR CONSERVATION ACTIVITIES IN THE GREAT LAKES BASIN BECAUSE NON POINT SOURCE POLLUTION AND SEDIMENTATION ARE THE LEADING CAUSE OF TOXIC CONTAMINATION. WE HAVE MADE GREAT ADVANCES IN PROTECTING THE GREAT LAKES IN POINT SOURCE POLLUTION CONTROL. BUT NON POINT SOURCE POLLUTION, RESULTING FROM CONTAMINATED SOIL ERODING INTO THE GREAT LAKES, IS A LARGER PROBLEM, CERTAINLY ONE DESERVING OF THE APPROPRIATION OF $1.2 MILLION.

THIS IS THE TYPE OF EFFORT THAT THIS FUNDING SUPPORTS. I BELIEVE THAT THE PROGRAM IS VITAL FOR THE GREAT LAKES AND I ENCOURAGE THE APPROPRIATION OF $1.2 MILLION FOR ITS CONTINUATION.

THE PRESIDENT'S BUDGET REQUEST ALSO REFLECTS AN INCREASE FOR CONSERVATION OPERATIONS OF $49 MILLION FOR THE SOIL CONSERVATION SERVICE. IN THE PAST, MICHIGAN HAS ALWAYS BENEFITTED FROM SUCH INCREASES. I AM HAPPY TO SEE THAT THE PREESIDENT IS FOCUSING HIS ATTENTION ON THIS CRITICAL SERVICE.

WITH REGARD TO THE RURAL ELECTRIFICATION ADMINISTRATION (REA), I AM VERY CONCERNED ABOUT THE PRESIDENT'S PROPOSED CUTS IN THE REA BUDGET. THESE CUTS ARE PARTICULARLY DISTURBING IN LIGHT OF ASSURANCES BY THE ADMINISTRATION THAT LAST YEAR'S CUTS IN THE REA PROGRAM WERE TO BE THE LAST FOR A FIVE YEAR PERIOD. THIS FIGURE WAS TO REMAIN AT $66.4 MILLION ANNUALLY FOR A PERIOD OF FIVE YEARS. THE CLINTON BUDGET, HOWEVER, REFLECTS AN ADDITIONAL CUT OF 70 PERCENT IN FUNDING TO $18.7 MILLION ANNUALLY. SUCH A CUT WOULD DEVESTATE A PROGRAM THAT IS ALREADY OPERATING ON A BARE BONES BUDGET.

MR. CHAIRMAN, I AM SIMPLY ASKING THAT THE COMMITMENT TO FUND REA AT $66.4 MILLION FOR A FIVE YEAR PERIOD BE HONORED.

I WOULD BE PLEASED TO RESPOND TO ANY QUESTIONS OR COMMENTS THE COMMITTEE MAY WISH TO PRESENT.

USDA PROGRAMS

WITNESS

HON. KAREN L. THURMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. PASTOR. Thank you very much. We now have the Honorable Karen Thurman from Florida. Welcome. Your written statement will be made part of the record. You may proceed.

Ms. THURMAN. At least I keep the two Barts apart here so you can have somebody in-between so you can concentrate on what I have to say.

I appreciate the fact that you've given me this opportunity. I know that Mr. Peterson from Florida on the committee has also been working with several projects as well, however this is my first time to come before this committee, so I would kind of like to go over some of the things that are very important, and I would say probably personally too, from the standpoint that I represent the University of Florida which many of these projects and programs are involved with, that are of an extreme importance to the entire agricultural community in the State of Florida, as well as across the other parts of this world as well.

Everything that I give you today has really been documented and comments and everything have come from specific people in the district on issues that are of importance to them.

The first thing I'd like to talk about is the REA distance learning and medical link. Actually there are two community colleges within my district that are interested in working on this, and we were very concerned that the budget was reduced in this program from $10 million to only $5 million, and yet these are probably the only way that some of these communities are ever going to be able to have these kinds of services available to them.

I know, as Mr. Skeen said, that why they up north smile so much is because they are glad to see people in some of these areas, that they are glad to have these kinds of services.

So if there is anything that you can do to help us with that, we would certainly appreciate that.

I'd like to take this opportunity to also thank you in the past for your efforts on tropical/subtropical agricultural research. You've been very kind to us in the State of Florida, as well as Guam, Hawaii, the Virgin Islands, and Puerto Rico who are beneficiaries of this program.

We are asking again for $3,341,000 to continue this, and we see it as extremely important. In light of NAFTA, these are some of our biggest competitors, for Florida, and to continue our global competitiveness, this is just extremely important in this area.

The other areas, in agricultural research services, ARS, there is $1 million for cooperative research efforts on exotic citrus diseases. I have to tell you that when I was in the State Senate and chaired the agriculture committee, that I happened to have also chaired jointly with one of my colleagues in the house on citrus canker.

I am very well aware of what devastating effects any kind of introduction of outside influences that are not trained to our agriculture community has just, it devastates us.

In fact, I need to find out a little bit more today, but I also heard there is a moth now that has come into Florida that looks like we're going to have to look at some eradication because it attacks actually the new growth on the trees, so you may be even hearing more.

We also have the issue of melaleuca which has been brought before many, many times. It is an issue that has devastated Florida, and any of the other exotic diseases that we've had to deal with.

We also have in the animal and plant health inspection service, I'm hoping in urging the approval of the $2.4 million for four years under APHIS through a food safety inspection service. It's a cooperative agreement for the economically sound pre-harvest food safety, a multi-disciplinary group of scientists from six land grant universities including Florida and Illinois—I'm sorry, this was probably meant for the Chairman, but since he is not here——

Mr. PASTOR. Arizona.

Ms. THURMAN. You can let him know—Arizona, too. That sounds good to me.

Mr. SKEEN. You have free rein. [Laughter.]

Ms. THURMAN. Okay. They have assembled teams to implement pre-harvest on farm environmentally sound food safety programs, and proper implementation of this program could prevent contaminants from entering the food chain, and could reduce the cause of food-born illnesses.

We also have an issue with animal damage control. Again when I was in the Florida legislature, and I have to tell you a little story, we have a $50 million Florida aquaculture industry that has just been really started over the last ten years. It was one of the fifth newest and largest industries in Florida.

But I will tell you a little story about some folks in Cedar Key which is in the district, was not in the district when I was in the Senate.

A couple of years ago, they have a big seafood festival, and I went over there, and I saw some of the people that I had been working with on the aquaculture issues in the state, and they said oh Karen, we're so glad to see you, and they were talking, and you saw all these families working together with clams and oysters and different things of that nature.

And they actually said to me, it's the first time they've been off welfare in a long time. It's the first time they've been able to provide for their own families and do some things for themselves, and they were very proud because they had been part of a fishing industry that was being depleted, and this gave them a whole new outlook on life, and they felt like they were providing.

Well, we've got some problems, and they are asking for this committee, along with the Florida Farm Bureau, an inclusion of about $117,000 in USDA's budget for establishment of two Florida- based animal damage control field stations.

We all know about the market program. As we all know, it has also been cut. I just would like to maybe make an emphasis that for every dollar that we invest in the MPP, we've found that our exports are up almost $51 for every dollar, and that's important for us all to remember.

We have also aquatic food products program and laboratory at the University of Florida with emphasis on expanded seafood safety for the southeast region. I don't think that needs an explanation. We've all seen what's happened with oysters and different things of this nature, and the concern that we've all had.

There are other additional programs and problems that are not necessarily budget-related, but certainly are vital to Florida agriculture. One is dealing with non-indigenous plants or pests.

Congress and USDA need, we would like to see them address the growing problem of imported pests. We all deal with that. Of course, some of us with borders even have some more problems, and we really could use the help in that area.

I had a gentleman in one of my areas that wrote a letter and is real concerned about Cogongrass, and it is a tropical soda apple, and it is actually listed as a noxious weed in federal regulations, so any help that we could find in maybe conducting some research in eradication programs would be nice.

Last year a number of us received a report entitled Visioning APHIS 2000, the plant protection and quarantine portion of this working draft disturbed me because the report indicated the change from pest exclusion to pest tolerance and management by self-inspection abroad, and eradication here.

I was assured by the assistant secretary, Eugene Branstel, that USDA will continue to do its utmost to protect the health of U.S. agriculture, and that it will not tolerate the introduction of injurious exotic agents into this country.

I wish that I could be so confident, but I cannot. There are few countries have plant protection programs as effective as our own, and I do not see them establishing them any time soon.

I hope that this committee will continue to monitor APHIS' activities on this subject, especially as the new GATT agreement, that is if the new GATT agreement is approved.

We also have an area of whitefly infestation that we're concerned about that is transmitted by the sweet potato. We think it has been damaging tomatoes in the Dominican Republic for two years.

If the whitefly brings the virus into the country, Florida's tomato industry could suffer severely.

There is one other issue, too, that I would like to bring to you. There has been some conversation that Secretary Espy is going to potentially close the USDA plant down in South Dade County.

If they should do that, what I'm asking is that we look at giving to IFAS as a research facility there in Homestead, and if that station is closed in South Dade, then what we would ask is that the germ plasm should be transferred to the Homestead research facility, rather than being sent offshore.

I will be glad to try to answer any questions, anything that I could help you with.

Mr. DURBIN. Thank you very much for your testimony. I'm sorry I was running late here.

Ms. THURMAN. That's okay, we mentioned you at least some coordination, but they said they would let you know.

Mr. DURBIN. As soon as you said my name, I came running down. I knew there was something here I didn't want to miss. [Laughter.]

We are in the process of evaluating all these lab closings. There are some 19 smaller labs around the country that are under consideration, and one of the things that's been said about the South Dade facility is that because it deals with tropical and semi-tropical plants, that they will have to transfer that research to another location.

Ms. THURMAN. Right.

Mr. DURBIN. Where it is consistent, so I would agree with them, that if that decision is made to close, that will probably be one of the criteria that we will have to look to.

Ms. THURMAN. And if they did that, then we would like them to take into consideration that germ plasm to be sent to IFAS who, in fact, is doing the coordination with the subtropical/tropical already.

Mr. DURBIN. Okay.

Ms. THURMAN. In research.

Mr. DURBIN. That's great. Mr. Skeen?

Mr. SKEEN. Could I ask a question? The whitefly infestation, is this similar to the problem that we've got in Arizona?

Ms. THURMAN. Yes.

Mr. SKEEN. The same species, same strain.

Ms. THURMAN. Now Mr. Skeen, I'm not sure if it is the same strain, but I certainly will find out for you.

Mr. SKEEN. But it is close enough to it that it is the same approach to eradication of the flies.

Ms. THURMAN. Right.

Mr. SKEEN. Thank you, Mr. Chairman.

Mr. DURBIN. Mr. Pastor?

Mr. PASTOR. I also agree with you that the MPP program is underfunded, and it helps our citrus people in Arizona also.

One of the problems we found with the whitefly is that it will first attack one particular crop, but the following year it may affect a different crop, and before you know it, you have almost your entire industry devastated by the whitefly, so good luck. Hopefully you can contain it in your sweet potato and hopefully it won't damage tomatoes or other crop varieties, so I wish you the best.

Ms. THURMAN. I will tell you, after working with the Senate agriculture committee, or being the chairman and then dealing with citrus canker and those kinds of issues, it was probably the most devastating to watch peoples' industry being burned, and just—it devastated us, so we try to avoid, and try to find ways to answer those problems before they get there.

But I am glad to see so many on this committee understand and know the interest that we have in this, and I do appreciate your time.

And any other information that we can supply, or questions answered, we will be glad to help you.

Mr. DURBIN. Thank you for your testimony.

Mr. SKEEN. Thank you.

Ms. THURMAN. Thank you very much.

[The statement follows:]

STATEMENT OF REP. KAREN L. THURMAN OF FLORIDA
Agriculture Appropriations Subcommittee
April 12, 1994

Thank you, Mr. Chairman, for giving me this opportunity to discuss with the Subcommittee the needs of Florida agriculture in the FY95 USDA budget.

I know that my friend Pete Peterson has done a great job in providing you with information on Florida's needs, and I thank him for his efforts.

I support Secretary Espy's budget request in general, but I want to discuss several matters in detail. These issues have been brought to my attention by Florida agricultural interests in recent months and, I believe, merit the Subcommittee's consideration.

REA's Distance Learning and Medical Link

Many rural areas lack adequate medical services today. Fortunately, the Rural Electrification Administration (REA) has a program that could link these communities with medical practitioners. I strongly support continued--and indeed additional--funding for the distant medical link program within REA.

One community college in Florida has submitted a grant application that would link my constituents in two of Florida's poorest counties to health practitioners in nearby communities. This program would increase access to needed health care education and services.

Another community college that serves a portion of my district is seeking an interactive link between its main campus and two distant off-campus sites. An interactive link would allow working students the opportunity to continue their education without having to engage in lengthy commutes.

Unfortunately, the budget reduced this program from $10 million to only $5 million. I urge the Committee to consider this program in light of the National Information Infrastructure: these grants may be the first, if not only, source of funds to ensure that rural areas, that now are underserved by our health care system, are not bypassed by the information superhighway.

Tropical/Subtropical Research

Florida benefits from the Tropical/Subtropical Agricultural Research Programs conducted by the Cooperative State Research Service within USDA. These programs are authorized under section 406 of Public Law 89-808. I hope that you will be able to include

$3,341,000 for these programs in your bill.

The Committee has approved similar requests in the past, and you are aware of what activities these programs support. But, I want to summarize the benefits that this program offers American agriculture. It helps train rural agriculture labor for a diversified and integrated agricultural system that sustains rural development in tropical and subtropical regions of the country. It develops and implements sustainable natural resource management strategies that enhance tropical agro-ecosystems. Finally, it increases new cost-competitive agricultural products and technologies that help the entire economy.

Growers in Florida are producing new crops for a population that must be able to compete in world markets. Global competitiveness is especially important with the European Community and the opening of potentially vast markets in Central and Eastern Europe. In addition, NAFTA will impact our regions, and our growers must be able to compete with neighbors who often produce the same crops.

As you know, nine of my colleagues joined me in sending you a letter in support of this program.

Agricultural Research Service (ARS)

I urge the continuation of funding of at least $1 million for cooperative research efforts on exotic citrus diseases. While much progress has occurred recently, new diseases seem to appear annually. The Institute of Food and Agricultural Sciences (IFAS) at the University of Florida participates in these projects.

Last year, the Committee noted the importance of floriculture and environmental horticulture research and urged the Department to give increased attention to the needs of this part of the agriculture community. I hope that the Committee reiterates its support in the FY95 bill.

Melaleuca continues to infest Florida's watersheds and affect property values. Last year, the Committee called on the Department to devote the necessary resources to research at the Aquatic Plant Management Laboratory. We in Florida appreciate your continued interest in the melaleuca eradication project and hope that you will appropriate $1.2 million for ARS's research into this aquatic weed.

Exotic diseases continue to threaten citrus fruits. The brown citrus aphid transmits an incurable citrus tristeza virus that could damage Florida's $8 billion worth of citrus trees. This pest already exists in Cuba, a strong windstorm away from Florida.

Last year, the Committee expected research to be conducted on the tristeza virus. I urge the Committee to dedicate $1.6 million for exotic citrus diseases.

Animal & Plant Health Inspection Service

I have several APHIS-related requests for the Committee to consider.

Pre-Harvest Food Safety

I urge the approval of $2.4 million per year for four years under APHIS through a Food Safety and Inspection Service (FSIS) cooperative agreement for economically sound pre-harvest food safety. A multi-disciplinary group of scientists from six land-grant universities (including Florida and Illinois) have assembled teams to implement pre-harvest, on-farm, environmentally sound food safety programs. Proper implementation of this program could prevent contaminants from entering the food chain and could reduce the cause of food-borne illnesses.

Animal Damage Control

In recent weeks, I have heard from aquaculture owners and the Florida Farm Bureau in support of funding for bird control activities at aquaculture facilities. Birds heavily impact the $50 million Florida aquaculture industry by devouring fish being raised for food. We need to expand the role of the Animal Damage Control programs in Florida.

The Florida Farm Bureau Aquaculture Advisory Committee strongly supports the inclusion of $117,000 in USDA's budget for the establishment of two Florida-based animal damage control field stations. These stations would help game, sport, and food fish growers.

Market Promotion Program

Like many of us, I was disappointed that the administration requested only $75 million in FY95 for the Market Promotion Program (MPP). Florida Agriculture Commissioner Bob Crawford and the Florida Department of Citrus contacted me in support of MPP, and I hope that the Committee will not reduce MPP funding further.

Florida has been a stellar participant in MPP. Research indicates that, from 1987-92, for every dollar of MPP invested in the promotion of Florida citrus, more than $51 in exports were generated. Because citrus is one of the industries that will be affected adversely, in my opinion, by NAFTA, Florida's quality citrus may not reach lucrative world markets without MPP assistance.

Aquatic Food Products Program Research Project

This project would enhance the Aquatic Food Products Program and Laboratory at the University of Florida, with emphasis on expanded seafood safety for the Southeast region. A one-time appropriation of $3.6 million is requested to continue the development of the Aquatic Food Products Lab and to establish education, research, and training programs in the area of seafood safety to comply with major regulatory changes for the seafood processing industry. As you know, the administration has requested a $25 million (or 156 percent) increase in food safety research at USDA.

Additional Programs and Problems

Mr. Chairman, I have several requests that are not necessarily budget related but vitally important not only to Florida agriculture but also to the entire country.

Non-Indigenous Pests

First, Congress and USDA need to address the growing problem of imported pests. Last year, the Office of Technology Assessment published a report entitled "Harmful Non-Indigenous Species in the United States," which discussed the potential impact of accidental or purposeful importation of plants and animals.

Florida is no stranger to these pests: water hyacinths and melaleuca are simply two of the non-native species that cause millions of dollars of problems. In responding to my request for comments on the report, IFAS noted the great merit attached to a Center for Excellence that would combine "the expertise of the University of Florida, Division of Plant Industry, and USDA for the coordination of biological control research, education, and implementation." I urge USDA, APHIS, and this Committee to devote the resources needed to stop the spread of non-indigenous species before its become a far greater problem.

Cogongrass

A good place to begin the work on non-indigenous species is cogongrass, also known as tropical soda apple. But, whether it is called swordgrass (Eastern Africa) or blady grass (Australia), it is listed as a noxious weed in federal regulations. This perennial grows from one to four feet tall. Its leaves are long, slender, and sharp. They can cut a person's leg or the inside of a cow's mouth if grazed.

I hope that the Department will be able find some funds somewhere to conduct research and eradication programs that will stop the spread of yet another noxious, non-indigenous species that may soon become the next kudzu.

APHIS 2000

Last year, a number of us received a report entitled "Visioning APHIS 2000." The plant protection and quarantine (PPQ) portion of this working draft especially disturbed me because the report indicated a change from pest exclusion to pest tolerance and management by self-inspection by foreign countries and eradication here.

I was assured by Assistant Secretary Eugene Branstool last November that USDA "will continue to do [its] utmost to protect the health of US agriculture" and that it "will not tolerate the introduction of injurious exotic agents into this country."

I wish that I could be so confident, but I cannot. Few countries have plant protection programs as effective as our own, and I do not see their establishing them any time soon. I, therefore, hope that the Committee will continue to monitor APHIS's activities on this subject, especially if the new GATT agreement is approved.

White Fly Infestation

On a related matter, Mr. Chairman, a new virus that is transmitted by the sweet potato whitefly has been damaging tomatoes in the Dominican Republic for two years. If the whitefly brings the virus into this country--on wind or in other plant materials--Florida's tomato industry could suffer severely.

The answer, of course, is to prevent the introduction of the virus into Florida. While nature cannot be controlled, USDA can ensure that plant materials and produce from affected countries are free from crop-threatening pests. In other words, we must maintain pest exclusion as a national policy.

Germ Plasm

My South Florida colleagues already have asked Secretary Espy to reverse the decision to close the USDA Plant Introduction Station in South Dade County. This station undertakes a number of projects that are important for Florida's tropical fruit industry, including the growing of germ plasm that help growers maintain plant varieties that are disease- and pest-tolerant. Fortunately, IFAS has a research facility in Homestead. If this station is closed, then the germ plasm should be transferred to the Homestead research facility rather than being sent offshore.

Thank you, Mr. Chairman, for giving me this opportunity to bring my interests to your attention.

HORSE SCIENCE TEACHING AND RESEARCH CENTER AND SATELLITE DOWNLINK PROJECT

WITNESS

HON. BART GORDON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TENNESSEE

Mr. DURBIN. I understand the next member is Mr. Gordon who has been waiting, and then Mr. Richardson, a member of the leadership.

Mr. GORDON. Thank you, Mr. Chairman, Mr. Skeen, Mr. Pastor. I appreciate your past courtesies and hospitality today. I have submitted my statement, and to try to reciprocate with your hospitality, I will be brief.

Last year this committee, and I thank you for it, recommended to the rural electrification administration that they have a fiber-optic link between the south, USDA south building, the National Agricultural Library, and the AGSAT to bring all of the most up-to-date information together, linked together, and have an up-link at the USDA south building so that it could be sent out for universities and other groups to take advantage of.

As well as having an up-link at Middle Tennessee State University so that it might take advantage of this information, helping the farmers in that area, Middle Tennessee, as well as the university.

This was a $480,000 estimate to complete that project. Nothing has been done on that, and so we would—this year Senator Hoyer and I, Congressman Hoyer, would recommend that you place that in as an earmark if the committee felt it was worthwhile.

I feel like I'm here with very modest requests after listening to the last speaker, so now that I've got your attention, I'm going to go you one more here. [Laughter.]

Mr. SKEEN. Underbid.

Mr. GORDON. Yes. Also at Middle Tennessee State University, we have a horse science program there that has 13 courses, and a B.S. degree in animal science. There is over 180 horses in Tennessee with probably a value of about $375 million.

Yet this program is, because of really the vast growth at Middle Tennessee, is being squeezed out of really the agriculture building there, and I would ask that you direct the USDA to produce a report to see whether it would be good for the area and for the country to have a horse research facility there, for which there would be matching funds from the state and university.

I think ultimately that could amount to $650,000.

Mr. DURBIN. Thank you, Mr. Gordon. I know we're coming right on a roll call so Mr. Skeen, do you have any questions?

Mr. SKEEN. I have no questions.

Mr. DURBIN. Mr. Pastor?

Mr. PASTOR. No questions.

Mr. GORDON. Thanks for your attention.

Mr. DURBIN. We will be back in touch with you.

[The statement follows:]

BART GORDON
6TH DISTRICT, TENNESSEE

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Congress of the United States
House of Representatives

TESTIMONY OF THE HONORABLE BART GORDON
BEFORE THE SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT
AND RELATED AGENCIES OF THE COMMITTEE ON APPROPRIATIONS

APRIL 12, 1994

Mr. Chairman and Members of the Subcommittee:

I appreciate the opportunity to testify before you this afternoon about two projects of importance to me. I know you've had a long day of testimony, so I'll keep it brief.

I want to first thank you for providing funding in last year's bill for the Horticulture Public Service Education/Research Center at Middle Tennessee State University (MTSU). The university submitted the grant application and all relevant paperwork in December of 1993 to the Cooperative State Research Service (CSRS), and I've notified Secretary Espy of my personal interest in the project.

I also appreciate the subcommittee's efforts to prevent this worthy project from falling prey to the various recission lists and bills over the past year. Thanks again for making this project a reality.

The first project request I have for this year's bill is to construct a Horse Science Teaching and Research Center at Middle Tennessee State University (MTSU) under the Cooperative State Research Service (CSRS) Buildings and Facilities account. The federal share of this project is estimated to be $650,000.

After working with you on the Horticulture center I realize funding a CSRS project is a two-step process: first, the subcommittee requests the USDA to produce a report on the project, and second, if the report is favorable, then fund the project. I would appreciate your directing the USDA to conduct a report on this proposal.

The equestrian industry is very important to the state of Tennessee. The state has an estimated 180,000 horses which are valued at over $375 million. Of all the breeds represented, the Tennessee Walking Horse remains the most famous and important breed in the state. The Tennessee Walking Horse breed was officially and nationally recognized in the 1930s. Today, the Tennessee Walking Horse is one of the top ten breeds in the country with approximately 7500 foals registered annually.

Middle Tennessee State University established its Horse Science program and curriculum in 1966. The School of Agriculture presently conducts 13 Horse Science courses and offers a B.S. degree in Animal Science with an emphasis in Horse Science.

The original horse science program was incorporated into what is now the Tennessee Livestock Center in 1980. The Livestock Center accomodates the Tennessee livestock industry's shows, sales and other regional and national livestock events. Due to the increased use of the facility by the Center, MTSU's Horse Science program is increasingly being squeezed out of the Center.

With this project research and instruction will no longer be limited by the physical confines of a building. The proposed Horse Science Teaching and Research Center will house the entire horse science program including lecture and laboratory classrooms, riding instruction, farrier science classes and research, exercise physiology related to the training of horses and reproductive physiology relating to breeding and genetics. The facility will also contain staff offices, 20 horse stalls and an indoor riding and exercise arena allowing students and faculty to expand their experimentation and instruction projects and instruction.

Like the Horticulture Public Service Education/Research Center, the goals of this project are to create an environment where students and faculty can conduct research and experimentation which will better prepare them for a career related to horse science upon graduation. In addition, it is the University's intent to work closely with the horse industry to address particular needs through relevant research, and act as a resource to middle Tennessee farmers.

I know you're familiar with my second project. I would appreciate the subcommittee's continued support for the satellite uplink and downlink project at MTSU and at the National Agriculture Library which Congressman Steny Hoyer and I have brought to your attention the past two years.

Last year the subcommittee directed the Rural Electrification Administration to strongly consider an application from MTSU to establish satellite uplink and downlink capabilities so that it could access and participate in the exchange of information regarding agriculture. We would appreciate your earmarking $480,000 in funding, but if an earmark is not possible, we would appreciate your including similar language to that you provided for on page 108 of House Report No. 103-153:

> Middle Tennessee State University (MTSU) has a strong, well-established agricultural program. The academic program includes a wide range of concentrations in the field of agriculture. Providing MTSU with a satellite uplink and downlink capabilities will allow the University's Agriculture Department to access and participate in the exchange of the most up-to-date information. Specifically, this project would link MTSU with the National Agriculture Library, which has the Nation's most comprehensive collection bibliographies, research date, and digests relating to agriculture. The committee encourages the Department to support this project.

MTSU is well along in fulfilling the criteria required of Distance Learning and Medical Link grant applicants. The addition of the Horticulture Education/Research Center and the Horse Science Center will add to the educational value of the uplink project.

For purposes of background, the general concept of our project is to provide MTSU's agriculture department and Middle Tennessee farmers with access to the most up to date research and agriculture-related information through state of the art technology, and expand the National Agriculture Library's ability to provide information to academic institutions and the general public.

Specifically, we would like to establish satellite uplink and downlink capabilities at MTSU and downlink capabilities and a fiber optic link at the National Agricultural Library. In an effort to better utilize the existing satellite uplink capabilities already operational at the Office of Public Affairs in the USDA's South building, our proposal calls for a fiber optic information link to be established between the National Agricultural Library and the USDA's Office of Public Affairs production facility. The demonstration project will facilitate MTSU's ability to access the most up to date agriculture research and information for experimentation and instructional purposes from the National Agricultural Library and other USDA Departments. The demonstration project will at the same time expand the National Agricultural Library's ability to provide information from its comprehensive collection of agriculture research data and information.

The USDA presently provides valuable information to academic institutions and farmers throughout the country, but the National Agricultural Library lacks the technical capabilty to electronically offer its full range of services to the Office of Public Affairs for satellite distribution. Communication via satellite technology is increasingly prevalent in the business and academic communities.

The Office of Public Affairs currently assists various USDA departments in communicating with field offices and farm groups in numerous ways. For example, the Department has produced and transmitted via satellite video programs which outline the changes included in the reauthorization of the farm bill to county extension service offices and to groups of farmers and agribusiness members. The Department has also provided experts in Washington, D.C. who participate in video teleconferencing at university symposiums and farm group meetings.

The National Agricultural Library is the nation's most comprehensive collection of bibliographies, research data and digests relating to agriculture. Our demonstration project will enable the library to provide better access to an entirely new host of users. Universities and the other departments within the USDA will benefit from increased access to the valuable information catalogued at the library.

Middle Tennessee State University has an strong, well-established agriculture program. MTSU's academic program includes a wide range of concentrations in the field of agriculture. Providing MTSU with satellite uplink and downlink capabilities will allow the university's agriculture department to access and participate in the exchange of the most up to date information allowing the students to be better educated in research methods, agribusiness pratices and production techniques.

Our demonstration project will additionally allow MTSU and the National Agricultural Library to become active participants in the Agriculture Satellite Corporation (AG*SAT) programming. AG*SAT is a consortium of 37 universities across the country which share information via satellite in computer and video forms on agriculture research, methods of instruction and programming for the cooperative extension service. Our demonstration project will further facilitate the National Agriculture Library's ability to participate in the transfer of information in the AG*SAT network.

During its first year of operation, AG*SAT delivered over 300 hours of programming to over 60,000 participants. In the last year alone, AG*SAT carried over 70 short program and 3 course length college courses. Programming includes the exchange of the latest agriculture and agribusiness research information, assisting farmers and ranchers to increase profitability, exchanging timely research data and procedures among research scientists and the presentation of discussions and symposiums with the opportunity for dialogue between research facilities.

We believe our demonstration project will better allow the USDA to communicate with the agriculture sector of our economy and significantly benefit the agriculture research and academic programs at MTSU.

Thank you for your time. I'll be glad to answer any questions members of the subcommittee may have.

USDA PROGRAMS

WITNESS

HON. BILL RICHARDSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW MEXICO

Mr. DURBIN. Our next witness is from the sovereign state of New Mexico, the Honorable Bill Richardson.

Mr. PASTOR. Mr. Chairman, I think this is about the third subcommittee I've seen him at so he is making the rounds today.

Mr. SKEEN. He takes care of it.

Mr. RICHARDSON. Mr. Chairman, thank you, and let me say first that I support all of Mr. Skeen's projects. [Laughter.]

Mr. SKEEN. He's after reciprocity.

Mr. RICHARDSON. I will be very brief, Mr. Chairman. I know you are pressed for time. I have four modest requests that I think the subcommittee has——

Mr. SKEEN. We will hear the four yet. [Laughter.]

Mr. RICHARDSON. And they involve the development of a $100,000 legume facility at New Mexico State University which has an extension in Clovis, New Mexico. I'm asking for some support, $500,000 for an agricultural industrial park in Tucumcari.

On the REA, Mr. Chairman, I'm asking for $1 million to develop a telecommunications information network in Northern New Mexico which, as the gentleman knows, contains a large Native American and Hispanic population.

This is consistent with $500,000 that this project has received from the State of New Mexico, and the Los Alamos laboratories to bring medicine, education, communication's advancements to the rural part of my district.

And lastly, Mr. Chairman, some assistance to develop a cooperative agriculture project in Farmington, New Mexico—$200,000 to develop a master plan for the Farmington Navajo Nation meat processing plant.

With those very modest requests, Mr. Chairman, I submit to your questions.

Mr. DURBIN. We will be the judge of that. [Laughter.]

Do I take it that the gentleman's requests are in the order of interest or importance?

Mr. RICHARDSON. Not necessarily, Mr. Chairman. I'd like to discuss that. [Laughter.]

Mr. DURBIN. Thank you very much. Mr. Skeen?

Mr. SKEEN. You're not going to trap him that easy, Mr. Chairman. I just want to ask you one question, Bill. What's a legume?

Mr. RICHARDSON. That is a green, leafy vegetable.

Mr. SKEEN. It also has nodules on it, nitrogen nodules, and one other question I'd like to ask you, since they shut the racetrack down in Farmington, does that mean it is having an impact on the meat processing?

Mr. RICHARDSON. Well, I think what we're trying to do is get some diversity in the economy there. You're right. [Laughter.]

Mr. SKEEN. I'm only kidding.

Mr. RICHARDSON. No, I know.

Mr. SKEEN. Thank you.

Mr. DURBIN. Mr. Pastor.

Mr. PASTOR. I'm glad he talked about diversity in the economy, and not in the meat products. [Laughter.]

No questions, Mr. Chairman.

Mr. DURBIN. Thank you, Mr. Richardson.

Mr. RICHARDSON. Thank you.

Mr. DURBIN. It is always an honor to have you before our subcommittee.

[The statement follows:]

CONGRESSMAN BILL RICHARDSON
TESTIMONY
SUBCOMMITTEE ON RURAL DEVELOPMENT, AGRICULTURE, AND RELATED AGENCIES
HOUSE COMMITTEE ON APPROPRIATIONS
APRIL 12, 1994

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to testify today on several projects of importance to my congressional district in New Mexico.

CLOVIS EXPERIMENT STATION LEGUME RESEARCH

The New Mexico State University Agriculture Experiment Station in Clovis is conducting research in the growth of marketable legumes in Eastern New Mexico. The experiment station has started preliminary research on vegetable crops, but the station lacks the resources to complete a full scale project.

Farmers in the Curry, Roosevelt and Quay County areas rely largely on the harvest of program crops and alfalfa. The lack of alternative crops has lead to stagnation of the area agriculture economy. Vegetable production in this part of New Mexico shows great potential both for farm income and for value added processing.

For the industry to reach its full potential, further research is necessary to test new plant varieties, develop appropriate management techniques that are environmentally safe, and develop irrigation systems that are more conservative in their use of water.

I respectfully request $100,000 to develop a full scale research project in Clovis at the New Mexico University Agriculture Experiment Station.

TUCUMCARI INDUSTRIAL PARK

Quay County, New Mexico has long relied on agriculture production as a base for its economy. As you know rural areas with production economies must diversify to survive.

Quay County and the city of Tucumcari are now pursuing plans to develop an agriculture industrial park to expand the existing agriculture base.

The Quay County Industrial Park will put displaced farmers to work in the dairy, food processing, and hog processing industries. The city has applied for a $10,000 planning grant from the New Mexico Rural Response Council, but needs additional funds to secure infrastructure for the industrial park.

I respectfully request $500,000 to develop the Quay County Agriculture Industrial Park.

LA PLAZA TELECOMMUNITY

La Plaza Telecommunity in Taos, New Mexico is developing a system bringing the information superhighway to rural New Mexico.

The population of New Mexico's rural north is separated by many miles and disparities in communications, job opportunities, education, and medicine. La Plaza's work will ensure access to the information superhighway. With the support of the department of agriculture's rural development agency La Plaza will bring opportunity and growth to Northern New Mexico

La Plaza has support of local, state, and national organizations and officials. La Plaza received $500,000 from the state of New Mexico in 1994 and continues to work with Los Alamos National Laboratories, the University of New Mexico, Apple Computer, and People's Bank. I urge the committee to support this creative and worthwhile endeavor.

I respectfully request $1 million for La Plaza Telecommunity to develop an

information network in Northern, New Mexico.

FARMINGTON MEAT PROCESSING FACILITY

The Farmington, New Mexico area is the base of a large beef producing community. The area a potential host for a meat processing facility.

Cattle ranches surround Farmington in New Mexico and the four corners area in Arizona, Colorado and Utah. In addition Navajo Agriculture Products Incorporated which is owned and operated by the Navajo Nation runs a 60,000 head feedlot operation in Farmington. Ranchers and beef producers must now ship their cattle to slaughter houses that are over 500 miles away in West Texas.

San Juan County is interested in obtaining funds to develop and build a meat processing plant.

I respectfully request $200,000 to develop a master plan for the farmington meat processing plant.

NEW MEXICO STATE UNIVERSITY RESEARCH

As the state land grant university, New Mexico State University has a commitment to provide research for the states agricultural development. New Mexico State University is an exceptional research facility at the forefront of technological knowledge in agricultural sciences to benefit the farmer, state, region and peoples in semi-arid climates over the world who are dependent on food and fiber production. I fully support New Mexico State University in seeking funding for the Soil-borne Disease Prevention Project, the Alternatives to Pesticides through Biotechnology project, the Health of Rangeland Ecosystems research and the New Mexico Range Improvement Task Force. These projects will stimulate production in increasely technical agricultural field while maintaining the emphasis of protecting the environment.

Soil-borne diseases can be devastating to food production. Addressing such diseases is imperative as the growth of the world in recent decades has been in large part due to irrigated agriculture. Advances in prevention of soil-borne diseases irrigated agriculture are promising because conditions contributing to the spread of disease, such as high soil moisture, are potentially controllable with appropriate knowledge.

New Mexico State University needs research funding to develop prescriptive irrigation practices for soil types, weather conditions, points in the growing season, and other factors in order to inhibit growth of disease organisms while optimizing crop production; and to disease resident cultivars which will be available to farmers.

I support New Mexico State Universities request for $150,000 research grant for Soil-borne Disease Prevention in Irrigated Agriculture Project.

The Plant Genetic Engineering Laboratory at New Mexico State University has made significant advancements in the Alternatives to Pesticides through Biotechnology program. The universities proposed research will focus on transferring genetic information to plants in order to create commercially viable crops with resistance to pests. There are hundreds of potentially effective pesticidal proteins naturally produced by numerous sources. The Plant Genetic Engineering Laboratory at NMSU is conducting extensive screening of protein toxins and the laboratory already has successfully developed biotechniques to synthesize such genes to be compatible with plants. University researchers propose using plant genetic engineering techniques to develop new crop plants with the ability to produce the enzyme collagenase, which destroys critical body components in nematodes.

I support New Mexico State Universities request for $150,000 research grant for Alternatives to Pesticide s through Biotechnolgy.

The Health of Rangeland Ecosystems Project addresses the need to better understand how native and invading biological species respond to natural and human-caused stresses in the range environments as new commercial plants are created.

The New Mexico State University Agricultural Experiment Station proposes an evaluation of the environmental health of semi-arid rangelands with the aid of tools of science previously unavailable to range researchers. Arid researchers compromise the world's most common land type and there is considerable divergence of opinion on the best way to manage this rangeland for sustainability. The goal of this research is to establish sustainable conditions through active management by evaluating the interaction between natural and human-derived stresses on arid rangelands.

I support New Mexico State Universities request for $400,000 research grant for the Health of Rangeland Ecosystems Project.

New Mexico State University Cooperative Extension Service needs assistance in expanding the New Mexico Range Improvements Task Force (RITF) to include both a broader western regional perspective and greater emphasis on policy analysis in an ecosystem context. Recent developments in national policies emphasize the need for efforts like the Range Improvement Task Force to respond to growing concerns of natural resource users and the general public. Broad public interest in the efforts of the Endangered Species Act, rangeland reform, ecosystem management, and riparian management systems are among the important issues encountered by natural resource extension and research programs.

I support New Mexico State Universities request for $300,000 for expansion of the Range Improvements Task Force.

ENVIRONMENTAL SIMULATION FACILITY

WITNESS

HON. CRAIG THOMAS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WYOMING

Mr. DURBIN. Mr. Thomas?

Mr. THOMAS. Thank you, Mr. Chairman.

Mr. DURBIN. Welcome.

Mr. THOMAS. Thank you, sir. I appreciate it. I shall try and be as quick as possible.

Mr. SKEEN. You are looking very senatorial here today.

Mr. THOMAS. Thank you very much. I try to do that whenever I can. [Laughter.]

I'm here, Mr. Chairman and members, to talk about the environmental simulator facility that this committee has supported for the past three years. It is now in the planning and design phase, and will be completed later this year.

This facility has a prototype that has already been proven and so on.

What will it do, and how does it work? Of course, it's designed to—it is a large chamber laboratories that simulate the interaction of the soil and the water and the climate and the plants, and they can determine in a relatively short time the impact that nature has in a very long time over the same kinds of things.

So it simulates natural conditions, and I think you've been through all this in that this committee has already provided about $1.8 million for the initial involvement with it, and it has to do with the clean-up of contaminated surfaces and soils and the disposal of liquids and fluids, and all those kinds of things—plant breeding and testing.

So we have a fairly long list of academic and professional organizations and universities that have reviewed and believe in the project. CRS's team of national scientists has given its approval. It's the only facility of its kind.

And CH2M-Hill has been involved, so scientifically it is sound and it's a solid operation, so it does work and we are in the process of moving forward with it. If it's a private/public partnership, the state would be involved, private individuals would be involved, and of course, the federal government.

The university is raising a quarter from the private sector. The state is to provide another quarter, and what we hope to have happen is that, of course, and the plan has been for the feds to provide the remainder.

The federal share is about $10 million. They've already put in $1.8 million, so the balance is something over $8 million, and then we would have a functioning facility.

The time is fairly critical. The planning stage is to be completed this year. There is no operating cost as part of the obligation of the federal government.

So Mr. Chairman, that's very brief. I think the statement is more in detail, and certainly we would be happy to provide any further information, but rather than take too much of your time, why, it is an extension of what we started, and hopefully we can continue and bring it to a conclusion.

Mr. DURBIN. Of the balance of $8.4 or $8.7 million, how much would be needed in the next fiscal year?

Mr. THOMAS. I'm not sure I know the answer to that. I can find out.

Mr. DURBIN. Could you get back to us on that?

Mr. THOMAS. I surely will.

Mr. DURBIN. Okay. We will take a good look at this because I know there has been some interest in this project before, and we hope that when the bill comes to the floor, if we are able to assist you, that you will be able to help us pass the bill.

Mr. THOMAS. I certainly will try, and I'll get you the number on the graduation of the funds.

Mr. DURBIN. Thank you. Mr. Skeen?

Mr. SKEEN. No questions. Thanks.

Mr. DURBIN. Mr. Pastor.

Mr. PASTOR. No questions.

Mr. DURBIN. Thank you very much.

Mr. THOMAS. Thank you very much. I appreciate it.

[The statement follows:]

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Statement of Congressman Craig Thomas to the House Appropriations Subcommittee on Rural Development, Agriculture and Related Agencies

April 12, 1994

Mr. Chairman:

We certainly appreciate this committee's support these past three years for the construction of the Environmental Simulation Facility (ESF) at the University of Wyoming. As the project moves forward, it continues to be reviewed by industry, government and other universities and I'm pleased to tell you enthusiasm for it continues to grow.

Given the increasing pressure to develop environmental remediation technologies, there is a proliferation of vendor products which must be evaluated for their safety and effectiveness. To date, there is no other safe, timely and cost-effective way to generate reliable and consistent information about how these technologies will perform. The ESF is still the only proven large-scale research facility, capable of standardized methodologies, on the drawing boards which fills the existing void between bench-scale and field testing of these emerging technologies.

The ESF design is modeled after the existing prototype created in 1988 at the University of Wyoming and incorporates modifications received from on-going critical reviews since 1989 by private industry, other universities, as well as national and other federal laboratories. The capabilities of the ESF are designed to promote national and world research collaboration between scientists to solve environmental problems.

The four environmental laboratories can be controlled to simulate the interaction of soil, water, plants, air, animal activity and climate at a scale representative of natural conditions. The structure will enclose large (20 feet wide by 24 feet long and 10 feet deep) lysimeters (containers which hold soil) within chambers which can simulate daylight, rainfall, streamflow and groundwater aquifer conditions. These chamber systems will be designed for durability and tight environmental condition control.

The atmosphere regulation capabilities will range between twenty degrees below zero and one-hundred twenty degrees above, relative humidity controlled to within five percent of modeled conditions and soil embankments can be chilled using refrigeration coils.

Overhead loading and unloading will accommodate large containerized soil experiments with attached instrumentation -- which can be prepared elsewhere -- and then inserted into these laboratories using cranes and tractor trailers.

In addition to the laboratories, there will be a plant designed to treat water for experiments and waste water leaving the facility. There will be a solid waste handling protocol and containment space, open floor space for future pilot plant construction, water storage facilities, chemical storage, handling and processing room, project management rooms, supportive bench-scale laboratory space and office space for resident and visiting scientists.

The ESF will be placed near the new University of Wyoming Regulated Materials Handling Center, Molecular Biology Building and campus power plant to integrate science, provide a stable heating source and facilitate disposal of test soil materials. A seven thousand square foot building has been constructed to store transported soil material for experimental use in support of programs.

The prototype has been used to test climate and rainwater influence on the change of strength characteristics in material left after oil was removed from shale rock. This particular test verified the facility's ability to accurately simulate real world conditions and the results will be used to develop engineered designs for safe disposal of these solid wastes.

The facility is currently entering into a collaborative effort between other universities, government agencies and a national science research center to test a pivotal concept in _in situ_ bioremediation. The concept uses bacteria which can form bio-barriers to contain contaminated groundwater flow, stopping oxygen transport through soil surface layers, and thus preventing the chemical oxidation which produces acid mine drainage from gold mine tailings. The remaining available space will be used to study how change in water management practices may affect riparian wetland and plant species.

The advantage of the ESF laboratories is their size. Applied technologies can be tested without the initial cost and monitoring difficulties inherent in large-field trials. The scale of research to be conducted in the ESF is intermediate between bench type and field site testing. That provides an opportunity to obtain greater control of experiments than is possible when conducting the field tests. In the development of environmental remediation technologies, this step will ultimately save time and money by speeding up the process of nature and identifying more quickly those technologies which work and those which don't -- all within a safely contained environment to prevent further ecological damage from unproven processes.

In its 1991 on-site review of the ESF, a national science team selected by the CSRS competitive Facility Grants Program stated:

> "The design of the proposed ESF will provide unique research opportunities for water quality and environmental research that are not duplicated in any other facilities and which support programs that are both regional and national in scope and importance.
>
> "Several U.S. agencies have targeted groundwater pollution abatement technologies as a critical national need to provide adequate supply of high quality water for agricultural and domestic purposes. Many pollution abatement technologies are in development, including the application of biotechnological techniques. However, laboratory bench-scale methods take time and numerous resources and do not guarantee their field effectiveness. The construction of large scale environmentally controlled chambers that simulate the out-of-doors provides for an R and D approach that promises rapid development and pilot scale testing in a safe, contained ecosystem.
>
> "Perhaps of equal importance to rapid pilot scale evaluation in the ESF is the likelihood that new treatment technologies will be discovered. New instrumentation will be developed and testing for detection of pollutants and a combination of geotechnical and ecological methodologies will provide broad integrative approaches to cleanup strategies."

CH2M-Hill, one of the largest and most reputable environmental consulting engineering firms in the world and a very active participant in superfund engineering, is an applier of the aforementioned technologies. Their industry is legally, morally, and ethically responsible for safe and effective implementation of environmental remediation technology. They are necessarily cautious about applying new technologies when little is really known about their performance and potential to further endanger the public health and environment: "The engineering community needs to know how technologies will perform across the expected range of operating conditions they will likely experience. Since human health and the environment are at stake, this information needs to be especially reliable and trustworthy."

Their effectiveness -- and therefore, this country's progress in environmental remediation -- has been hampered by a lack of ability to have total confidence in the technologies' safety and effectiveness. Of their industry they say: "Our subsurface investigation and assessment technologies are very weak. We cannot accurately determine the conditions under which the technology performed, and therefore, cannot relate technology performance to specific environmental conditions. Systematic testing needs to be designed with full control of the important variables that affect performance."

And their evaluation of the ESF: "The University of Wyoming's Environmental Simulation Facility can make a significant contribution to our understanding of the performance of environmental technology. It is a place where researchers and developers can perform systematic testing and begin to generate reliable performance information by simulating known site conditions with full instrumentation to gather reliable information about conditions and performance. And these tests can be set up to observe technology performance across a full range of site conditions, not just what happens to be at a given site.

"University oversight of the operation improves trust in the quality of the information being generated. Testing costs are lower, compared to field testing, and more good information is obtained per dollar invested. Also, all emissions can be controlled and other nearby laboratories and university facilities will provide additional benefits."

The bottom line is the ESF can contribute greatly to the safe and accelerated development of technology to clean up contaminated soil, surface and groundwater systems, dispose of solid and liquid wastes, determine environmental requirements for endangered plants, ascertain wetlands and soil/plant/water dynamics, evaluate instrumentation developed for monitoring environmental conditions and make verification and calibration of computer models. It can be used to study plant breeding and testing of genetically engineered bacteria, insect response to environmental, insecticidal and climatic factors, and aid in restoration of lands disturbed by mining, oil and gas activities.

The operational plan of the proposed facility is as important as what the facility can do. It's being designed to accommodate a consortium of government agencies, industries and universities and will promote collaboration of research institutions and goals from across the country. And because researchers and developers will be able to perform systematic testing and generate reliable performance information about innovative technologies at a more rapid pace, the economic spin-off from this technology development will occur more quickly and add a new dimension to the nation's economy.

The operation of the ESF will be a fine exercise in public and private partnership -- and the funding of it will be a partnership as well. Since 1991, when this committee agreed to accept the ESF into the CSRS Buildings and Facilities Program, the project has received $1,844,935 in federal funding. This and the in-kind match provided by the University will take the project through the planning and design phase which will be completed this fall.

The schematic planning effort now puts the actual cost at $20,968,352 in 1995 dollars. This is $662,806 over the estimated cost when the project was first accepted into the budget. In accordance with the program, the project designers allocate $10,660,526 to state and private funding. Now that there are schematic drawings and visual presentations available, the University is moving quickly to secure the private industry funding which will make up a quarter of the total. It is also making preparations to go to the State Legislature, in accordance with a supportive resolution passed by that body in 1992, for the State's share and the balance of the construction funding.

That leaves $10,307,826 to come from federal funding. Subtracting the amount already received, the balance of the federal portion is $8,462,891. However, because the agency deducts a three-percent charge from the appropriated amount, the appropriation request to clear the ESF project out of the CSRS program comes to a total of $8,716,778. And once the construction funding goal is reached, this project will not be looking to the state or federal government to fund operational and management expenses.

Time for funding the project is now at a critical stage. Construction drawings cannot be made until construction funding is secured. Based on the engineering firm's estimate for inflation after 1995, one can expect the cost of construction to increase $36,000 per month or $432,000 a year.

In addition, there is an urgency to get this type of facility on line. Because industry is so anxious to develop the remediation technologies, it is moving into field tests which will never yield the unequivocal data needed in this arena -- and all the while not knowing if what they're doing is going to create new hazards.

I realize you have many worthy requests before you as you allocate the USDA's Cooperative States Research Service Buildings and Facilities budget for the 1995 Fiscal Year. But in light of the importance of this project and the looming escalation of costs, I ask that you do what you can to keep the project on schedule. Thank you for your time and consideration.

E. COLI

WITNESS

HON. MIKE KREIDLER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF WASHINGTON

Mr. DURBIN. Mr. Kreidler is the next witness. I will try to move through as many members as possible before the roll call.

Welcome.

Mr. KREIDLER. Thank you, Mr. Chairman. I want to thank you for the opportunity to come here and to offer my statement. Another statement will be coming from Congresswoman Jolene Unsoeld from my state also related to this matter.

Last year three children in the State of Washington died after eating undercooked hamburgers contaminated with a microbe known as E.coli 0157:H7. That was made from a single batch of USDA inspected and approved ground beef.

E-coli is only one of many pathogens found in raw meat and poultry that the US has approved for marketing. As many as 20,000 Americans are infected each year, and there could be as many as 300 deaths.

Food-borne illness is a major public health problem in this country. Last year I introduced a bill to require microbial sampling of meat and poultry, expand pathogen research, authorize USDA to regulate conditions in farms and feedlots that lead to the infection of animals, and to require labels on meat and poultry to encourage proper cooking and handling.

Secretary Espy has also endorsed these goals, and has moved further on this problem than any other secretary of agriculture in this century.

The President's budget seeks a total of $14 million for the pathogen reduction program in the Food Safety and Inspection Service, and $15 million in pathogen research.

These are absolutely minimum investments in our food safety system, and I urge the subcommittee to approve them.

But there is also a serious question about the design of the USDA's war on pathogens. Secretary Espy has faced bureaucratic inertia and opposition from some segments of the meat industry.

For example, some processors oppose testing of raw meat for microbes before it gets government approval for marketing. We can't test every piece of meat, but we can take samples, and we can use these other organisms as indicators of the presence of E.coli and other pathogens.

This is what the FDA plans to do in its seafood inspection program, and if the FDA can do it, I don't see why the USDA can't either.

I urge the subcommittee to fund the President's request for inspection and research.

Equally important, I urge you to exercise active oversight, and insist that USDA work with FDA and other public health agencies as it tries to bring modern scientific knowledge to bear on the inspection system.

Specifically, I urge you to include language in this year's bill directing USDA to contract with FDA to determine:

First, the appropriate indicator organisms to use in detecting pathogens in raw meat and poultry.

Second, appropriate methods of testing for them to—at critical control points in processing.

Third, appropriate levels to use in measuring the effectiveness of these controls.

The subcommittee has a unique chance to take down the bureaucratic walls that slow down progress toward a safer food supply.

I urge you to set aside specific funds from the USDA research and regulatory budgets for contractual work with FDA.

The children in my state who died last year after eating government-approved meat can't be here today. Their families' grief has been compounded by what they increasingly feel is either indifference or incompetence on the part of government to make the necessary changes to protect children.

Mr. Chairman, we must let these families know that Congress is committed to preventing more tragedies. I want to work with you towards this goal, and I particularly want to thank you for the opportunity to come before you today and to speak.

Thank you, Mr. Chairman.

Mr. DURBIN. Thank you, Mr. Kreidler. We had the food safety inspection service before us today, and they are talking about revolutionizing the way we inspect, and I think most of us understand because of the tragedy in your state why it is long overdue.

I think you made some important suggestions and we are going to try to work with your office on this subcommittee to try to move this along. The sooner the better.

Mr. KREIDLER. Correct.

Mr. DURBIN. Mr. Skeen?

Mr. SKEEN. No questions, Mr. Chairman. It was valuable testimony. Thank you.

Mr. KREIDLER. Thank you.

Mr. DURBIN. Mr. Pastor?

Mr. PASTOR. No questions.

Mr. DURBIN. Thank you very much for joining us.

Mr. KREIDLER. Thank you.

[The statement follows:]

STATEMENT OF CONGRESSMAN MIKE KREIDLER
SUBCOMMITTEE ON AGRICULTURE APPROPRIATIONS
April 12, 1994

Thank you for the opportunity to appear before your Subcommittee.

I am here because last year, three children in Washington State died after eating undercooked hamburgers contaminated with a microbe known as E. coli 0157:H7. Those hamburgers were made from a single batch of USDA-inspected and approved ground beef. This year, a fourth child in my state died from E. coli infection, as have others all over the country. This strain of E. coli is only one of the pathogens found in raw meat and poultry that USDA has inspected and approved for marketing.

Last winter's E. coli outbreak in Washington affected over 500 people. It would have affected thousands, and killed many more children, if Washington hadn't been one of the few states that required doctors to report that particular infection to public health authorities. Now, more than 40 states have adopted this reporting requirement, or are doing so. That means we will be hearing more about E. coli in all our states.

As many as 20,000 Americans may be infected each year, according to the Centers for Disease Control and Prevention, with as many as 300 deaths. A USDA study estimates medical costs due to E. coli infection as high as $580 million a year. Foodborne illness is a major public health problem across this country.

Last year I introduced H.R. 1786, legislation to require microbial sampling of meat and poultry, expand pathogen research, authorize USDA to regulate conditions in farms and feedlots that lead to infection of animals, and require labels on meat and poultry to encourage proper cooking and handling. Secretary Espy has also endorsed those goals, and has moved further on this problem than any other Secretary in this century.

The President's budget seeks a total of $14 million for the pathogen reduction program in the Food Safety and Inspection Service, out of a total of $600 million. The President also seeks $15 million for pathogen research, out of a total USDA research budget of over $1 billion. These are absolutely minimum investments we must make in our food safety system, and I urge the Subcommittee to approve them.

But there are also serious questions about the design of USDA's "war on pathogens." Secretary Espy has faced formidable obstacles in his efforts to modernize our system -- from bureaucratic inertia to fierce opposition from some segments of the meat industry. For example, they oppose testing raw meat for microbes, even on a sampling basis, before it gets the government's approval for marketing.

We can't test every piece of meat for every pathogen, but we can take samples. And we can use other organisms, easier to detect, as indicators of the presence of E. coli and other pathogens. This is what the FDA plans to do in its seafood inspection system, and if the FDA can do it I don't see why USDA cannot. USDA must show that it can protect the public health. Otherwise, we ought to shift responsibility for meat and poultry inspection to the FDA, as Vice President Gore has proposed.

I urge the Subcommittee to fund the President's request for inspection and research. Equally important, I urge you to exercise active oversight, and insist that USDA work with FDA and other public health agencies as it tries to bring modern scientific knowledge to bear on the inspection system.

Specifically, I urge that you include language in this year's bill directing USDA to contract with FDA to determine:

-- the appropriate indicator organisms to use in detecting pathogens in raw meat and poultry,
-- appropriate methods of testing for them at critical control points in processing, and
-- appropriate levels to use in measuring the effectiveness of those controls.

FDA should be involved this way because it already sets maximum acceptable limits in animal drug residues and pesticide residues in meat and poultry, which USDA enforces, and because FDA has set guidelines for maximum acceptable levels of pathogens in raw shrimp and crabmeat. We should make use of this expertise.

I'm troubled that the President's budget puts all the pathogen reduction work in USDA. Most USDA-funded research focuses on preventing contamination at the farm and during slaughter and processing, not on what makes humans sick and setting limits that will reduce the chances they get sick. Both kinds of research are necessary, and this Subcommittee has a unique chance to take down the bureaucratic walls that separate them. I urge you to set aside specific funds from USDA's research and regulatory budgets for contractual work with FDA.

the four children in my state who died last year, after eating government-approved meat, can't be here today. Their families have suffered the greatest loss a parent can face. Their grief has been compounded by what they increasingly feel is either indifference or incompetence on the part of their government to make the changes necessary to protect other children.

Mr. Chairman, we must let these families know that Congress is committed to preventing more tragedies. I want to work with you for that goal, and thank you for the chance to be here today.

SOIL CONSERVATION SERVICE

WITNESS

HON. PETER J. VISCLOSKY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Mr. DURBIN. Mr. Visclosky.

Mr. VISCLOSKY. Thank you, Mr. Chairman, and I assume my entire statement will be entered in the record.

Mr. DURBIN. Your assumption is correct.

Mr. VISCLOSKY. Mr. Chairman, Mr. Skeen, Mr. Pastor, I appreciate the opportunity to before you today, and I would like to first express my support for the soil conservation services watershed and flood prevention operations program.

In the late 19th century, Indiana's Lake and Porter Counties which are represented in the United States Congress, were transformed into one of the world's foremost industrial and manufacturing centers.

Today, however, we are paying for the developmental boom of the past century. The Army Corps of Engineers has nine flood control, sediment removal and erosion projects in the region I represent, and there are many other unaddressed problems that could use the Corps' help.

Only in recent decades have we begun to recognize the importance of protecting what remains of the region's watershed. I personally have been exploring the means by which Lake and Porter Counties could develop a comprehensive watershed management plan to help control the damage that has already been done, and to provide an outline for sensible development in the future.

Specifically, local officials are seeking assistance in creating a plan that would set coordinated standards for areas that are under extreme pressure for development.

It is my hope that the subcommittee could find funds to restore the soil conservation service's watershed and flood prevention operations budget to at least last year's level of $266 million.

Programs like this one are designed to give communities assistance with research, engineering operations, and the growing of vegetation to reduce damage from flood waters, sediment and erosion.

I would also, and it was my understanding that last year, the committee did not earmark, if they should engage in earmark, it would be greatly appreciated for any assistance the subcommittee could provide specifically to Indian's Lake and Porter Counties.

Second, I endorse the Great Lakes Basin program for soil erosion and sediment control and request $1.2 million be appropriated for the program in fiscal year 1995, and that figure, by the way, Mr. Chairman, may be different than the $250,000 in the original testimony submitted to the subcommittee.

It is hard to find in this country a more urban and industrial district than the one I represent, however we too rely on the Great Lakes Basin program.

In Indiana, 99 percent of the soil eroded in the Great Lakes Basin comes from crop land. When it erodes, it ends up in places like the Indiana Harbor in East Chicago where decades worth of bottom sediments deposited in the harbor have reduced water depth so significantly that cargo ships cannot transport full loads into the area's steel mills and refineries.

The plan to remove silt from Indiana Harbor has been many years in the making and will cost nearly $100 million to finish. If we had the foresight now available through the Great Lakes Basin program for soil erosion and sediment control, this problem might have been less severe or possibly averted.

Mr. Chairman, Mr. Skeen, Mr. Pastor, I realize the tremendous pressures you are under this year. I appreciate your consideration of these two requests, and again, thank you for the opportunity to appear today.

Mr. DURBIN. Thank you very much, Mr. Visclosky. It is good to have your testimony because it links the problems for the soil erosion as they relate to cities. A lot of people think it's purely a rural problem, but clearly it is not.

We will take your recommendations into consideration. Mr. Skeen?

Mr. SKEEN. Thank you, no questions. Thank you.

Mr. DURBIN. Mr. Pastor.

Mr. PASTOR. No questions.

Mr. DURBIN. I think we have four minutes left in the roll call.

Mr. VISCLOSKY. Thank you.

Mr. DURBIN. And so we will be recessing for a short time. For other witnesses, probably it will be another 20 minutes or so before we return. We will come back as quick as we can.

[Recess]

[The statement follows:]

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PETER J. VISCLOSKY
1ST DISTRICT, INDIANA

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Representative Pete Visclosky

Testimony before the Appropriations Subcommittee on Agriculture, Rural Development, Food & Drug Administration & Related Agencies

April 12, 1994

THIS STATIONERY PRINTED ON PAPER MADE OF RECYCLED FIBERS

Mr. Chairman, I would like to thank you, Mr. Skeen and the other Members of the Agriculture, Rural Development, Food and Drug Administration and Related Agencies Subcommittee for giving me the opportunity to testify today. I come to bring to your attention several Soil and Conservation Service programs that are important to the residents of Northwest Indiana.

First, I would like to express my support for the Soil Conservation Service's Watershed and Flood Prevention Operations program.

In the late 19th Century, much of Lake and Porter Counties in northwestern Indiana were transformed into one of the world's foremost industrial and manufacturing centers. Northwest Indiana -- with its huge expanses of inexpensive and unused acreage, open Lake Michigan shoreline, abundant water and developed rail system -- was ideal for heavy industrial development.

At that time, little thought was given to how development would affect the area's complex watershed. Many natural drainage corridors and retention areas that guide the waters of northern Indiana and Illinois to Lake Michigan were cut off or filled. Most of the low, wet lands along Indiana's shore were developed. Consequently, much of Northwest Indiana's traditional watershed system has been destroyed resulting in flood risk, flood damage and environmental degradation.

Today, we are paying for the developmental boom of the past century. The Army Corps of Engineers has nine flood control, sediment removal and erosion projects in the region, and there are many other unaddressed problems that could use the Corps' help. Between the Corps of Engineers and the Federal Emergency Management Agency, the Federal government has spent million of dollars rectifying flooding problems that a little foresight could have prevented.

Only in recent decades have we begun to recognize the importance of protecting what remains of the region's watershed. I, personally, have been exploring the means by which Lake and Porter Counties could develop a comprehensive watershed management plan to help control the damage that has already been done and to provide an outline for sensible development in the future. Specifically, local officials are seeking assistance in creating a plan that would set coordinated standards for areas that are under extreme pressure for development.

It is my hope that the Subcommittee could find funds to restore the Soil Conservation Service's Watershed and Flood Prevention Operations' budget to at least last year's level of $266 million. Programs like this one are designed to give communities assistance with research, engineering operations and the growing of vegetation to reduce damage from floodwater, sediment and erosion. In addition, any assistance the Subcommittee could provide to Lake and Porter Counties in Indiana in this regard would be greatly appreciated.

I would also like to endorse the Great Lakes Basin Program for Soil Erosion and Sediment Control and request a $250,000 appropriation for the program in Fiscal Year 1995.

I'm aware that my colleague from Michigan, Representative Stupak, was before you earlier today and he expressed his support for this program. Representing a rural district in Michigan, this issue is important to him.

It is hard to find a more urban and industrial district than Northwest Indiana. We, too, rely on the Great Lakes Basin Program.

In Indiana, 99 percent of the soil eroded in the Great Lakes Basin comes from crop land. When it erodes, it ends up in places like the Indiana Harbor in East Chicago where decades worth of bottom sediments deposited in the harbor have reduced water depth so significantly that cargo ships cannot transport full loads into the area's steel mills and refineries. Further, the sediments contain such high levels of toxic and hazardous substances that the U.S. Army Corps of Engineers has had a difficult time developing an acceptable plan for removing and disposing the material.

The plan to remove silt from Indiana Harbor has been many years in the making and, when finished, will cost nearly $100 million. If we had the foresight now available through the Great Lakes Basin Program for Soil Erosion and Sediment Control, this problem might have been less severe or possibly averted.

I know discretionary monies are tighter than ever and each program will be examined closely to determine if it merits further funding. From my perspective, and that of my district, the Watershed and Flood Prevention Operations, and the Great Lakes Basin programs are important assets. I hope that you will be able to find funds to keep them successful.

Thank you, again, for giving me the opportunity to testify today.

USDA PROGRAMS

WITNESS

MARTHA COLE GLENN, DIRECTOR, FEDERAL LEGISLATIVE AFFAIRS, THE HUMANE SOCIETY OF THE UNITED STATES

Mr. DURBIN. Martha Cole Glenn of the Humane Society? How are you today?

Ms. GLENN. Fine. This year I have to wear my glasses.

Mr. DURBIN. Oh, it happens to all of us.

Mr. SKEEN. Don't worry about that, we are all wearing them.

Ms. GLENN. I've got a little frog in my throat, but it's okay, it's humanely caught in my throat.

Mr. SKEEN. It wasn't for those glasses, we would be stepping off bluffs.

Ms. GLENN. Mr. Chairman and members of the subcommittee, I am Martha Cole Glenn, Director of Legislative Affairs for The Humane Society of the United States.

The HSUS is the nation's largest animal protection organization with almost two million members and constituents. I have submitted our written testimony for the record, and I am pleased to have the opportunity to testify.

The Animal Welfare Act is the more comprehensive federal law protecting animals. However, it continues to be underfunded as witnessed by the fact that APHIS has major expanded duties under the 1985 AWA amendments, but has the funds to inspect facilities which house animals little more than twice a year.

The result has been that the law has not been properly enforced, as confirmed by USDA's own inspector general. For fiscal year 1995, the HSUS endorses the testimony of the Society for Animal Protective Legislation, requesting $20 million for the animal care program, and $7 million for the regulatory enforcement program.

Mr. Chairman, we would like to emphasize that increased funds for APHIS is a point on which animal protection organizations and the biomedical research community agree. To that end, we are an enthusiastic signatory to a letter you will receive signed by both groups requesting that the committee increase the meager APHIS appropriation, which has never exceeded $10 million a year.

I would like to add here that we are having some really good conversations with APHIS about some needed regulatory changes, and possibly some legislative changes that would help enforce the law, and we are very enthusiastic about this.

Under the farm animal area, the HSUS also supports sufficient funding for the following programs. USDA sustainable agriculture programs which integrate livestock and cropping systems, and benefit the public by improving the health of both consumers and animals.

The organic foods production act which provides for the labeling of organic foods. This is a critical time for the program since no meat products can be labeled organic until the standards are finalized, and the accreditation rules are developed.

The packers and stockyards administration which monitors the handling of animals in the stockyards, and we believe this is critical before, or because of the nationally recognized problem with downed animals at stockyards.

Another area that we would like to see funds for is research specifically on animal well-being under the national research initiative, and funds for a separate initiative for farm animal information within the animal welfare information center.

Finally, regarding the animal damage control program, we do appreciate the subcommittee's past support for research and the use of non-lethal animal damage control techniques.

This research and the incorporation of proven non-lethal techniques into the operational activities of the ADC program are helping to provide personnel and property owners, particularly livestock producers, with alternatives to exclusively lethal means of predation control.

However, we are continuing to be concerned about the overwhelming reliance on lethal methods and strongly recommend that the subcommittee instruct USDA to allocate more funds to non-lethal methods and research.

Mr. Chairman, I thank you.

Mr. DURBIN. Thank you, Ms. Glenn, for your testimony. I would like to ask you a question on this animal well-being research. I have received letters in the mail, not from your organization but from others, critical of the way livestock is handled in the United States.

Occasionally you run across magazine ads relating to specific areas of livestock production. What is the position of the Humane Society? Do you have a statement of principle as to what you would like to see, or what you would like to see changed?

Ms. GLENN. On all animal well-being?

Mr. DURBIN. In terms of livestock, treatment of livestock. There is usually criticism of the size of the pens and conditions under which livestock are raised.

Ms. GLENN. We would like to see animals treated humanely, and we would like to see them be able to live as closely as possibly, as they naturally live.

I mean, for example, I have to take different areas. We have a real serious concern about the veal calves that are raised in crates, where they are chained, and they are only fed milk replacer, and the crates aren't big enough to let them stand up, turn around. I mean, we talked about that before.

You know, in another area, the area of the downed animals at stockyards. I would like to pick this example, because it is something that everybody agrees on. There shouldn't be downed animals at stockyards, and so this is a problem with animal well-being—either they shouldn't be brought there, or they should be either euthanized, or taken directly to the market. They shouldn't be allowed to suffer.

And I will be glad to send you some——

Mr. DURBIN. Would you please?

Ms. GLENN. Additional information.

Mr. DURBIN. You know there is some legitimate concerns. In my part of the country, we're talking about hog confinement buildings, and I visited many of them, and they probably do not have the pen space which you are looking for. I readily concede that point.

But otherwise, I would say that the treatment of the animals is not abusive in any way. Most of the producers understand that if this is going to be successful, livestock production, that abusing an animal is counterproductive.

It is far better to make sure they are taken care of and well-fed, and not physically abused in any way, but I will say that there are limitations on the space which are part of this, which naturally come with it.

Ms. GLENN. I recognize that. One of the things I will send you will be some articles by someone who is so well-recognized in the field, and builds pens or whatever, Dr. Temple Grandon, and she is well-respected by, if you call it both sides, by both producers and animal protection groups.

Mr. DURBIN. Yes.

Ms. GLENN. And I'd like to direct you to that, and I will send it to you.

Mr. DURBIN. Would you please?

Ms. GLENN. Thank you.

Mr. DURBIN. Mr. Skeen, do you have any questions?

COYOTES

Mr. SKEEN. I don't have any questions particularly, but Ms. Glenn, I'm in the livestock business. I raise sheep, our family has for about four or five generations, and we've got a terrible problem with coyotes, have had for years and years.

The methods that you describe in this are well-meaning, and I understand that too. We don't enjoy killing animals just for the sake of killing them, but when they are eating your livestock up, something's got to be done.

All the methods that you've outlined in here are totally ineffective, on western range operations. I would like to see us get together between the livestock growers and The Humane Society, and come up with some kind of a program that really makes some sense, because you can't pen sheep at night when you are running over 5,000, 15,000 acres of land, and things of that kind.

We don't herd them anymore. They are in pastures. I don't like killing anything, but when it is eating your property up and your livelihood up, it's uncontrolled, and there has not been a decrease in the number of coyotes.

The last remaining vestige of life on this earth, should it burn to a cinder, will be a coyote. [Laughter.]

And I say that in jest, because we have been trying to eradicate those suckers for about 100 years. [Laughter.]

We had a poison that was so species-specific, 1080, which did a marvelous job. We had no problems with it, and the coyotes stayed where they belonged, up there where they could eat wildlife. We fed them a lot of deer and all the rest.

And I am not being flip or anything of this kind, or not being pugnacious but you know, it's our livelihood.

Ms. GLENN. Well, you said that you would like to get together and talk.

Mr. SKEEN. You bet.

Ms. GLENN. I would like to arrange such a meeting.

Mr. SKEEN. I would really appreciate it because right now we are shutting ADC down. We've got it crimped to the point where they are not doing an effective job, so now what we're doing is going back to the same old methods of using—steel traps, cyanide guns, and all the rest. They are specific to the animals that are doing the depredation because you don't use them anywhere except where they are on the lambing grounds or where they are on the sheep grounds.

I would like to at least talk to the people in The Humane Society, and try to convince them that there has got to be some meeting of the minds, that we could come up with a program that we could endorse, and they could endorse.

Ms. GLENN. I would like to do that, because we would like you on our side, and——

Mr. SKEEN. Well, I would like to show you.

Ms. GLENN. And we would like to see what you have to show us, I will get our expert on animal damage control to make an appointment with you.

Mr. SKEEN. You bet. I want to talk to those experts.

Ms. GLENN. Okay.

Mr. SKEEN. We've garnered through a lot of experience over the years, and like I said, the last surviving species of life on this earth is going to be a coyote.

Ms. GLENN. Well, it will be some experts talking to other experts.

Mr. SKEEN. I know.

Ms. GLENN. We will have a good time.

Mr. SKEEN. But I thank you for your testimony, and I would like to have some meeting of the minds.

Ms. GLENN. Thank you.

Mr. SKEEN. I think that we've been terribly misunderstanding one another all these years, and it is about time that we got together and talked about it.

Ms. GLENN. We will look forward to that, and I will call your office tomorrow.

Mr. SKEEN. Thank you, ma'am.

Ms. GLENN. Thank you.

Mr. DURBIN. Thanks for your testimony.

[The statement follows:]

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STATEMENT OF MARTHA COLE GLENN

DIRECTOR, FEDERAL LEGISLATIVE AFFAIRS

THE HUMANE SOCIETY OF THE UNITED STATES

BEFORE THE

HOUSE COMMITTEE ON APPROPRIATIONS

SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT,

FOOD AND DRUG ADMINISTRATION,

AND

RELATED AGENCIES

FY'95 APPROPRIATIONS

APRIL 12, 1994

The Humane Society of the United States
2100 L Street, NW, Washington, DC 20037
(202) 452-1100   FAX (202) 778-6132

Mr. Chairman, members of the subcommittee, I am Martha Cole Glenn, Director of Federal Legislative Affairs for The Humane Society of the United States (HSUS). The HSUS is the nation's largest animal protection organization, with almost two million members and constituents, and including departments of companion animals, farm animals, investigations, laboratory animals, wildlife, state and federal legislative affairs, public relations and 11 regional offices across the country. I am pleased to have the opportunity to testify today regarding FY'95 funding of U.S. Department of Agriculture programs of interest to The HSUS which are under the jurisdiction of your subcommittee.

ANIMAL WELFARE ACT

Regarding the Animal Welfare Act, The HSUS endorses the testimony of the Society for Animal Protective Legislation (SAPL) which requests the following: $20 million for the Animal and Plant Health Inspection Service's (APHIS) Animal Care Program and $7 million for its Regulatory Enforcement Program.

As a signatory in a letter to the subcommittee, we join with SAPL, numerous other organizations in the animal protection community and organizations in the biomedical research community in requesting that the subcommittee increase "the meager appropriation for USDA's Animal and Plant Health Inspection Service (APHIS) animal care program, which has never exceeded $10 million per annum."

Over the years, The HSUS has been before this subcommittee many times requesting additional funds for the implementation of the nation's most important animal protection law -- the Animal Welfare Act. We have continued to point out that facilities which house animals covered under the AWA are not being inspected with enough regularity to ensure enforcement of the Act. And, despite increased responsibilities, APHIS should be given credit for being able to increase the number of inspections on a far too limited budget. But it is not enough.

This year, we have had the opportunity to discuss our concerns on a number of occasions with APHIS. We are sharing information; and, particularly in the area of enforcement, we are impressed with the good faith effort by APHIS to take steps in the areas of needed regulatory changes and legislative suggestions to improve implementation of the Act. But, they needs more funds to do the job.

I am making this statement at the same time the Congress is finalizing action on the Marine Mammal Protection Act reauthorization. It appears that, as both the House and Senate bills are currently written, APHIS may assume sole responsibility for the protection of marine mammals in captivity, a role shared with the National Marine Fisheries Service at present. Assumption of this role will place even greater pressure on limited APHIS funds. For this reason and others stated above, we strongly urge the subcommittee to take a hard look at the situation and increase the funds allocated to APHIS for animal protection in FY'95 as warranted by this increased responsibility.

SUSTAINABLE AGRICULTURE PROGRAMS

The HSUS supports sustainable agriculture farming systems which integrate livestock and cropping systems and benefit the public by improving the health of consumers and animals, and the quality of the environment and the economy. The HSUS joins alternative and sustainable agriculture organizations in requesting funding of the following sustainable agriculture programs.

The Sustainable Agriculture Research and Education Program is a competitive grants program designed to achieve a more cost-effective -- yet environment-friendly -- agriculture, with emphasis on increasing farm profitability, minimizing the need for purchased inputs, and preventing pollution. We request $20 million for this worthy program, with funding phased in over several years to achieve the full Congressionally authorized level of $40 million.

Many farmers and ranchers are interested in obtaining information on the various existing sustainable agriculture technologies. The Sustainable Agriculture Technology Development and Transfer Program (SATDTP) was designed to provide this service through a nationwide training program for extension agents in conjunction with a nationally-coordinated, state and regionally-based outreach effort. We recommend an allocation of $8 million to SATDTP to enable it to serve this function.

ORGANIC FOOD PRODUCTION ACT

Organic agriculture programs are of great benefit to the public by providing more natural, less stressful living conditions for farm animals, thus requiring fewer antibiotics and ensuring a safer food supply and cleaner environment. Now is a critical time for the national organic program if it is to achieve finalization of standards, development of accreditation rules, and to begin full implementation. It is imperative that this be done expediently, since no livestock products may be labelled as organic until this program is in place. We request that $500,000 be appropriated for administration of the program, and $50,000 be specifically allocated for the National Organic Standards Board to continue its work.

PACKERS AND STOCKYARD ADMINISTRATION

We support the USDA's recommendation of $12.2 million to administer the Packers and Stockyard (P&S) Act. In particular, we are concerned that the P&S Administration be sufficiently funded so as to be able to meet their responsibility for monitoring the handling of animals at stockyards.

ANIMAL WELL-BEING RESEARCH

Understanding what is required to provide for the health and well-being of animals will make it possible to help satisfy the growing public demand for humane living conditions for animals. These conditions are increasingly recognized as being an important aspect of food quality.

However, funding for research on animal well-being is virtually nonexistent in the U.S. The USDA's budget proposal for the "Animal" category of the National Research Initiative (NRI) program is an increase of $4.5 million from that of FY'93. The HSUS requests that a significant amount of this funding be allocated specifically for animal well-being research under the "animal health and well-being" grant subcategory of the NRI.

ANIMAL WELFARE INFORMATION CENTER

The Animal Welfare Information Center (AWIC) of the National Agricultural Library (NAL) is an invaluable resource. Funding of $750,000 has been appropriated for AWIC since its inception, however we request that no less than this amount be earmarked specifically for AWIC use only, with the necessary increase in funding for NAL to make this possible.

AWIC was established to provide information about animals covered under the Animal Welfare Act. However, animals used in agriculture are not covered by the Act but are the subject of increasing concern to the public as well as among the health, environmental, and scientific communities. There is a great demand on AWIC for information related to farm animals: a demand which they presently cannot meet. We strongly support the proposal for an additional $500,000 allocation to be made to fund a separate initiative for animals used in agriculture. Where possible, resources would be shared by the two separate initiatives precluding the need to establish an entirely separate center.

Heavy demands upon the Center's resources, particularly that of its staff, also justify a request for an additional $70,000 to provide for the salary and related expenses of an additional staff member.

ANIMAL DAMAGE CONTROL PROGRAM

We appreciate the Subcommittee's past support for research and the use of non-lethal animal damage control techniques. This research and the incorporation of proven non-lethal techniques into the operational activities of the Animal Damage Control (ADC) Program are helping to provide ADC personnel and property owners, particularly livestock producers, with alternatives to exclusively lethal means of predation control.

However, we are concerned by the continued overwhelming reliance in the ADC Program on lethal methods of control of Western predators (primarily coyotes), by aerial hunting, trapping, denning and poisoning. Despite assertions at the Washington level that the ADC Program utilizes lethal control methods only as a last resort and targets whenever possible the individual animal causing damage, the number of coyotes killed each year continues to increase. This approach is expensive, ineffective, publicly unacceptable and likely to be counterproductive.

The HSUS recommends that the Subcommittee instruct USDA to devote a substantial percentage of FY'95 Western region operational funds for the ADC Program to the use of non-lethal wildlife damage control techniques such as livestock guarding dogs and siren/strobe devices and appropriate husbandry practices such as carcass removal, night penning and shed lambing. We recommend that the Subcommittee direct APHIS to allocate a minimum of 40 percent of Western region operational funding to the implementation and use of non-lethal predation reduction techniques.

ADC researchers have identified a number of techniques which promise to reduce wildlife-caused losses without killing wildlife, but typically spend a large portion of research funds on modifications to lethal devices such as the leghold trap and on the re-registration of vertebrate pesticides. We ask that the Subcommittee direct that a minimum of 70 percent of funds allocated to ADC research be devoted to the identification and development of non-lethal, non-injurious, damage control techniques. Further, The HSUS requests that $100,000 in FY'95 non-lethal research funds go to Arizona State University's Center for Environmental Studies for continued support of vital research on the use of conditioned taste aversion as a means of reducing coyote predation on livestock.

USDA PROGRAMS

WITNESS

HON. MICHAEL D. CRAPO, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF IDAHO

Mr. DURBIN. Congressman Crapo? I'm going to turn it over for a minute to my colleague, Mr. Skeen, while I visit with a constituent. I will be right back.

Mr. SKEEN. Welcome, and it is all yours.

Mr. CRAPO. Thank you, Mr. Chairman. I would like to also, before I begin my formal testimony, just say that I do believe the ADC is being cut too deeply, and I would encourage the Committee this year to restore some of the funding that has been removed from that budget so that we can sustain those programs.

Mr. SKEEN. I appreciate the comment.

Mr. CRAPO. Mr. Chairman, Mr. Skeen, thank you for allowing me to testify before the Subcommittee today. Due to the aggressive agenda of the Subcommittee, I will keep my remarks brief.

The University of Idaho, College of Agriculture, has been an active participant in the national agriculture research agenda. The three research programs I am requesting the Committee support are all top research priorities of the University of Idaho.

Federal funding for these research programs is essential, since the state resources and the commodity commissions can support only a portion of the work on problems that must be completed in a timely manner.

I'm requesting that the Committee continue to support the use of Federal funds for the regional/state special grants program within the USDA Cooperative State Research Service budget.

It is important to distinguish between the financing of individual state programs, and multiple state, peer-reviewed, research funding, that which benefits entire regions.

The special grants that the university receives are supported by the state's commodity groups and have regional applications. The College of Agriculture faculty is collaborating with scientists from a number of states in highly productive and effective research projects.

Again, it is Federal funding that allows such worthwhile research to continue.

With regard to the agriculture biotechnology facility, following a positive feasibility study conducted in 1990, Congress provided appropriations to construct critically needed facilities for applied biotechnology in the plant and animal sciences at the University of Idaho.

This facility project, estimated to have a total cost of $12.23 million, will match $5.9 million of USDA/CSRS grant funds with $6.33 million from the University of Idaho and State of Idaho.

In fiscal year 1994, Congress continued to provide additional appropriations of $836,700 for this facility improvement project. I request that the Committee continue to adequately fund this important facilities improvement project in the fiscal year 1995 USDA/CSRS budget.

I hope the members of the Subcommittee have had the opportunity to sample an agricultural product from Idaho that is world-famous—the Idaho potato. I am proud to say that the potato crop has traditionally been controlled by a supply and demand market, not by government programs.

However, in order to remain a viable and competitive industry, it must strive to improve production efficiency and market quality while reducing the use of pesticides.

Cooperative plant breeding projects with USDA/ARS scientists at the Aberdeen Research and Extension Center, the Washington State University, and Oregon State University have produced new potato varieties and improved selections of russet brubanks.

I request that the Committee increase funding specifically for potato varietal development by $300,000 over funds appropriated in fiscal year 1994. The increased funding will be used to better integrate existing state and ARS potato breeding programs.

This cooperative exchange of information will help develop improved potato varieties with resistance to insects, diseases, and environmental stress factors.

In concluding my remarks, I would like to lend my support to the STEEP II project which has been extremely successful as a multidisciplinary program between Idaho, Oregon, Washington, and USDA/ARS scientists. The information generated has provided crucial guidelines for producers in meeting conservation compliance requirements.

And I thank the Committee for its time, and will be glad to answer any questions.

Mr. DURBIN. Mr. Skeen, do you have any questions?

Mr. SKEEN. I have no questions. I have a statement though. Mike, it is a pleasure to have you here, and by the way, we are getting some advantage from the Idaho potato producers in New Mexico because they are moving down there to process foods for NAFTA distribution.

They are good operators and they are good processors, and very responsible people.

Mr. CRAPO. Thank you, Mr. Skeen. I think——

Mr. SKEEN. They are good missionaries for you.

Mr. CRAPO. That's right, and they will provide not only good market opportunities for Idaho, but for all of the west, I believe.

Mr. DURBIN. Thanks for your testimony.

Mr. CRAPO. Thank you, Mr. Chairman.

Mr. DURBIN. We appreciate it very much.

[The statement follows:]

MICHAEL D. CRAPO
2D DISTRICT, IDAHO
NEW MEMBER LEADER

ENERGY AND COMMERCE COMMITTEE
REPUBLICAN POLICY COMMITTEE
REPUBLICAN TASK FORCE ON AGRICULTURE
CO-CHAIRMAN
REPUBLICAN TASK FORCE ON PRIVATE PROPERTY RIGHTS
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THE HONORABLE MICHAEL D. CRAPO
TESTIMONY BEFORE THE SUBCOMMITTEE ON AGRICULTURE,
RURAL DEVELOPEMENT, FOOD AND DRUG ADMINISTRATION,
AND RELATED AGENCIES
APRIL 12, 1994

MR. CHAIRMAN, THANK YOU FOR ALLOWING ME TO TESTIFY BEFORE YOUR SUBCOMMITTEE TODAY. DUE TO THE AGGRESSIVE AGENDA OF THE SUBCOMMITTEE, I WILL KEEP MY REMARKS BRIEF. I REQUEST THAT MY WRITTEN REMARKS BE INCLUDED IN THE RECORD AND BE GIVEN THE SAME CONSIDERATION AS MY ORAL PRESENTATION.

THE UNIVERSITY OF IDAHO, COLLEGE OF AGRICULTURE, HAS BEEN AN ACTIVE PARTICIPANT IN THE NATIONAL AGRICULTURE RESEARCH AGENDA. THE THREE RESEARCH PROGRAMS I AM REQUESTING THE COMMITTEE SUPPORT ARE ALL TOP RESEARCH PRIORITIES OF THE UNIVERSITY OF IDAHO. FEDERAL FUNDING FOR THESE RESEARCH PROGRAMS IS ESSENTIAL, SINCE THE STATE RESOURCES AND COMMODITY COMMISSIONS CAN SUPPORT ONLY A PORTION OF THE WORK ON PROBLEMS THAT MUST BE COMPLETED IN A TIMELY MANNER.

I REQUEST THAT THE COMMITTEE CONTINUE TO SUPPORT THE USE OF FEDERAL FUNDS FOR THE REGIONAL/STATE SPECIAL GRANTS PROGRAM WITHIN THE USDA COOPERATIVE STATE RESEARCH SERVICE BUDGET.

IT IS IMPORTANT TO DISTINGUISH BETWEEN THE FINANCING OF INDIVIDUAL STATE PROGRAMS, AND MULTIPLE STATE, PEER REVIEWED RESEARCH FUNDING, WHICH BENEFITS ENTIRE REGIONS. THE SPECIAL GRANTS THAT THE UNIVERSITY RECEIVES ARE SUPPORTED BY THE STATE'S COMMODITY GROUPS AND HAVE REGIONAL APPLICATIONS. THE COLLEGE OF AGRICULTURE FACULTY IS COLLABORATING WITH SCIENTISTS FROM A NUMBER OF STATES ON HIGHLY PRODUCTIVE AND EFFECTIVE RESEARCH PROJECTS. AGAIN, IT IS FEDERAL FUNDING THAT ALLOWS SUCH WORTHWHILE RESEARCH TO CONTINUE.

AGRICULTURE BIOTECHNOLOGY FACILITY-FOLLOWING A POSITIVE FEASIBILITY STUDY CONDUCTED IN 1990, CONGRESS PROVIDED APPROPRIATIONS TO CONSTRUCT CRITICALLY NEEDED FACILITIES FOR APPLIED BIOTECHNOLOGY IN THE PLANT AND ANIMALS SCIENCES AT THE UNIVERSITY OF IDAHO. THIS FACILITY PROJECT, ESTIMATED TO HAVE A TOTAL COST OF $12.23 MILLION, WILL MATCH $5.9 MILLION OF USDA/CSRS GRANT FUNDS WITH $6.33 MILLION FROM THE UNIVERSITY OF IDAHO AND STATE OF IDAHO. IN FISCAL YEAR 1994, CONGRESS CONTINUED TO PROVIDE ADDITIONAL APPROPRIATIONS OF $836,700 FOR THIS FACILITY IMPROVEMENT PROJECT. I REQUEST THAT THE COMMITTEE CONTINUE TO ADEQUATELY FUND THIS IMPORTANT FACILITIES IMPROVEMENT PROJECT IN THE FY95 USDA/CSRS BUDGET.

I HOPE THE MEMBERS OF THE SUBCOMMITTEE HAVE HAD THE OPPORTUNITY TO SAMPLE AN AGRICULTURAL PRODUCT FROM IDAHO THAT IS WORLD FAMOUS----THE IDAHO POTATO.

I AM PROUD TO SAY THAT THE POTATO CROP HAS TRADITIONALLY BEEN CONTROLLED BY A SUPPLY AND DEMAND MARKET, NOT GOVERNMENT PROGRAMS. HOWEVER, IN ORDER TO REMAIN A VIABLE AND COMPETITIVE INDUSTRY, IT MUST STRIVE TO IMPROVE PRODUCTION EFFICIENCY AND MARKET QUALITY WHILE REDUCING THE USE OF PESTICIDES. COOPERATIVE PLANT BREEDING PROJECTS WITH USDA-ARS (AGRICULTURE RESEARCH SERVICE) SCIENTISTS AT THE ABERDEEN RESEARCH AND EXTENSION CENTER, WASHINGTON STATE UNIVERSITY AND OREGON STATE UNIVERSITY HAVE PRODUCED NEW POTATO VARIETIES AND IMPROVED SELECTIONS OF RUSSET BURBANKS.

I REQUEST THAT THE COMMITTEE INCREASE FUNDING SPECIFICALLY FOR POTATO VARIETAL DEVELOPEMENT BY $300,000 OVER FUNDS APPROPRIATED IN FY94. THE INCREASED FUNDING WILL BE USED TO BETTER INTEGRATE EXISTING STATE AND ARS POTATO BREEDING PROGRAMS. THIS COOPERATIVE EXCHANGE OF INFORMATION WILL HELP DEVELOPE IMPROVED POTATO VARIETIES WITH RESISTANCE TO INSECTS, DISEASES AND ENVIRONMENTAL STRESS FACTORS.

IN CONCLUDING MY REMARKS, I WOULD LIKE TO LEND MY SUPPORT TO THE STEEP II PROJECT WHICH HAS BEEN EXTREMELY SUCCESSFUL AS A MULTIDISCIPLINARY PROGRAM BETWEEN IDAHO, OREGON, WASHINGTON AND USDA-ARS SCIENTISTS. THE INFORMATION GENERATED HAS PROVIDED CRUCIAL GUIDELINES FOR PRODUCERS IN MEETING CONSERVATION COMPLIANCE REQUIREMENTS.

RELOCATION OF ORLANDO RESEARCH FACILITY

WITNESS

HON. PORTER J. GOSS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF FLORIDA

Mr. DURBIN. Congressman Goss?

Mr. GOSS. Thank you, Mr. Chairman. I'm not sure what the appointed time was I was supposed to be here, but I suspect I had the same problem you did, so I apologize for not being here at the appointed hour.

Mr. DURBIN. Your time is right now.

Mr. SKEEN. We're on flex time. [Laughter.]

Mr. GOSS. Mr. Chairman, I have a statement which I have had prepared and drawn up which I would like to have submitted for the record, and received into the record if I may.

And in order to save time, what I simply wanted to do was to re-visit a couple of points with regard to the ARS program in South Florida with the research station that is being moved from the Orlando area.

There are a couple of points that have come up, and the reason I asked for the opportunity to testify today, and for which I am grateful to submit this testimony and make these remarks, is that I read the testimony of some of the others who have spoken on this subject, and there were a couple of points that I did need to correct.

They really go to the question of the total support of the Florida delegation. There is still a lot of controversy on this subject, sadly enough, and there has been still some further looking into the matter, without satisfaction with the U.S. Department of Agriculture, despite the very fine assistance we got from you in this subcommittee in hearing from Assistant Secretary Rominger.

Two things of note have happened, one is one of the local newspapers undertook a freedom of information act investigation and had a very contested relationship with USDA, and as it turns out, the material that they were forced to release—and I say forced advisedly because it was not cooperatively done, I understand—showed that the Immokalee site was indeed the site of first choice, and clearly won heavily in the scoring sheets.

I have seen the scoring sheets, and I am sure your committee could see them now if they wish to, if they haven't. So consequently, it means that either something happened after those scoring sheets, or the scoring sheets were ignored.

It bothers me that that happened, and the second piece of information I have is that the scoring sheets apparently were not ignored, but they were very well understood because they were referred to in the correspondence that we got from Assistant Secretary Rominger and his correspondence back to us after our discussion time with him.

It turns out that indeed, we have a new letter that has come to the same newspaper within the last few days, very recent information from one of the gentleman who is in charge of the site selection process over at USDA, saying that indeed the goal posts were moved after the fact, and that therefore, there was a new scoring process.

What is terribly unfair about that is that the advocates who were all players in this were not equally notified. Only a few understood that there was more time for information to be presented, and the others were left out, and that's really not fair because everybody was supposedly competing on an equal footing.

So the consequence of this was that indeed, we now have an admission that the goal posts were moved, and the irony of it is that even when you look at the two areas where the goal posts were moved in this judgment, if you still add up the points, Immokalee still comes out under their rating system as the preferred choice, even though the people who made the case on behalf of Immokalee were not invited back to add additional information, as were the people from another site, the one that was chosen.

The final two points I want to make very briefly, Mr. Chairman, and the first one I feel extremely strongly about, I think it is unconscionable for a member of the United States Congress to be denied information by an executive branch in what I call a straightforward, and honorable request for the information.

There is no reason why those score sheets couldn't have been made available to us, none at all. They were available, and it took, as I say, a freedom of information exercise to get them out.

That really sails right up against the line of what's tolerable, in my view, as a member of Congress, and I am personally offended, and I feel deeply sorrowful for the people I represent. That's not right.

And I know you personally helped to try and overcome that. You gave me your word on the floor last year during the vote, and you did your best, and I appreciate that very much, as did Mr. Skeen who participated in that meeting.

That meeting, as you remember, was to be a review of the process. I have heard that meeting subsequently characterized by Assistant Secretary Rominger as a second competition.

The people that came from Southwest Florida did not come to compete again, and in fact, they did not even know that the members from Ft. Pierce or Orlando were going to be in the room.

So we've had some miscommunication, some very bad feeling. We do not have unanimity. What we do have is a positive other solution to consider.

I know your committee has determined that you want to have a single research station and get it out of the urban encroachment area, and I would agree that would be the smartest thing to do, and the proper site for that would be Immokalee, Florida, because that is the most removed from urban encroachment.

We have come up—we—I am not the sponsor, but others in South Florida agriculture have come up with a proposition that saves the taxpayers about $20 million, and trifurcates the program.

It makes the people in Orlando happy because it keeps some people there: takes some of the functions that are purposely designed and best suited for Pierce and moves them there next to the IFAS station there, taking advantage of the work that's been done; and take some to Immokalee to the IFAS station on the state land there, and does primarily the vegetable and the other horticultural things that are particularly appropriate for that area, and better suited not only from the usage that is going on in Florida agriculture now, but from the climate conditions that we find down there, and the prevailing winds.

I'm talking about things now with which I have little personal knowledge—I'm not a farmer. You might understand it better than I do, but the guys who are in the business say it matters to them, and that's why you've had this breakdown of these various production crops in various places.

So I come forward with a sense of disappointment to report that I think bad things have happened, but I also come forward with a positive recommendation for your consideration, to trifurcate this thing and save the taxpayers $20 million or so, and that's very much in the evidence that I have submitted.

I was a little puzzled why they needed money for construction funds. Last year we were told they had plenty in the pipeline, so I am a little curious about what's going on as well, in this appropriations process.

That's why I'm here, and I would not have been here if I had not read frankly some of the other testimony, and I did feel it was necessary to correct that record.

Mr. DURBIN. I had hoped that this whole matter would be resolved by now.

Mr. GOSS. So did I.

Mr. DURBIN. And I thought perhaps at our meeting it was, but apparently there were still some unanswered questions.

What you have suggested though today appears to be at least a third alternative between or among Ft. Pierce, Immokalee, and now your new approach which would of course require the department in good faith to consider it against the other two possibilities, assuming that the competition is still open, and I don't know if that is the case.

But I would say having visited Orlando and taken a look at that facility, that it really does appear to be a bad location.

Mr. GOSS. I would agree.

Mr. DURBIN. And what I heard while I was down there is that there was unanimity that this should be closed, with the exception of the Congressman from that district who felt that he wanted to maintain it.

So everyone else said that this made sense in that location 20 or 30 years ago, but not today. It's right smack dab in a very urban setting, and not what is conducive to good ag. research.

I'm at a loss, Mr. Goss, at this point, to figure out what the next step might be here. I mean, I think you should be treated fairly, as should the people in your district, and perhaps Mr. Skeen and I can discuss this and try to come to some conclusion as to what's a fair process to follow at this point.

Mr. GOSS. I appreciate that. We have had excellent treatment from you and your committee, and from Mr. Skeen and from all the players involved. I'm sorry this has gotten a little bit out of what would be normal business routine.

I'm not quite sure what's happened, or where or why, and I guess my biggest concern is I've got a lot of people who spent a lot of time and investment trying to put forward a good case. They think they have a good case, and they feel that there are real advantages to doing it a little differently, and sharing these areas.

Two things have changed in the Orlando area, very briefly. One has to do with the real estate, and the other has to do with the will or the desires of some of the staff, I am told. I mean, I am not going to put words in anybody's mouth, but it may make sense for what I will call some of the more lab-type oriented activity to continue in that environment where people are comfortable and have their kids in school and so forth.

That might work out to be a good investment, and it might not. This is not for me to say, but at least there is a willingness on the agricultural people to trifurcate and go to that lab, and then break the other two up between the citrus of a particular type, and the vegetables of another type.

Mr. DURBIN. Thank you. Mr. Skeen?

Mr. SKEEN. Thank you, Mr. Chairman. I, too, want to offer an apology if we have been remiss.

Mr. GOSS. You have not.

Mr. SKEEN. Because what we were trying to do, and it is a very delicate situation when you have friends in Congress from the same state.

Mr. GOSS. I understand.

Mr. SKEEN. It is very difficult when you become the meat in the sandwich.

Mr. GOSS. I understand.

Mr. SKEEN. And I think you understand that. We've had a conversation with other folks about this thing. We tried to adjudicate this thing as fairly as possible, and no slight intended to anybody.

I feel that it is unfortunate that the delegation hasn't been able to agree, and I think maybe except in one or two instances, that it has, but I also suggest too that something had to be done.

I started this thing back some years ago.

Mr. GOSS. I know that.

Mr. SKEEN. At the behest of another member, or former member from Florida. The other day, at your request, I asked some of the pertinent questions to A.R.S. And one of your members from Florida, after reading this, wanted to know why in the hell I am asking all those questions.

So it's a very sensitive situation, and I think you understand that, but I want to truly say that we've tried to reach some kind of solution. I hope we can do a better job.

Mr. GOSS. Mr. Skeen, I can tell you that the people of Southwest Florida have no quarrel with this subcommittee, or the honorable work that you've tried to do, and you have done in so many instances, and the effort you have made here.

I am afraid our problem has been a mis-communication, and a little bit of a lack of candor from USDA, and honestly, if they trusted us, I think we could probably have come to a conclusion a long time ago.

I am sure that you would feel let down if you went out on behalf of your people and assured them things were okay, and then discovered through another source that things weren't okay.

Mr. SKEEN. There is embarrassment enough in this business without doing something like that.

Mr. GOSS. I think you understand my point well.

Mr. SKEEN. All right.

Mr. GOSS. Thank you, gentlemen, very much.

Mr. SKEEN. Thank you.

Mr. DURBIN. Thank you for your testimony.

[The statement follows:]

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STATEMENT OF CONGRESSMAN PORTER J. GOSS (FL-14)
BEFORE THE AGRICULTURE SUBCOMMITTEE,
COMMITTEE ON APPROPRIATIONS
12 APRIL 1994

MR. CHAIRMAN, THANK YOU FOR PROVIDING ME THE OPPORTUNITY TO APPEAR BEFORE YOU TODAY. I UNDERSTAND THAT YOUR SCHEDULE IS FULL, SO I WILL COME DIRECTLY TO THE POINT -- I AM DEEPLY CONCERNED ABOUT ACTIONS TAKEN BY THE DEPARTMENT OF AGRICULTURE WITH REGARD TO THE RELOCATION OF THE AGRICULTURAL RESEARCH SERVICE'S ORLANDO HORTICULTURAL RESEARCH STATION.

I UNDERSTAND THAT THE COMMITTEE IS CONSIDERING A REQUEST TO PROVIDE FUNDS TO BEGIN CONSTRUCTION OF THE NEW LAB SITE. I WOULD STRONGLY URGE YOU TO GIVE THIS REQUEST THE GREATEST SCRUTINY. I BELIEVE THAT THE COMMITTEE WILL FIND THAT THERE ARE LINGERING -- BUT IMPORTANT -- QUESTIONS ABOUT THE SITE SELECTION PROCESS; THAT THE USDA HAS MISLED MEMBERS OF CONGRESS ABOUT THE PROCESS; AND THAT THERE IS NO CONSENSUS AMONG THE FLORIDA AGRICULTURAL COMMUNITY ABOUT THE CURRENT RELOCATION PLAN.

LAST YEAR, RESPONDING TO QUESTIONS AND SERIOUS CONCERNS RAISED BY THE AGRICULTURAL COMMUNITY OF SOUTH FLORIDA ABOUT USDA'S SITE SELECTION PROCESS, I ENLISTED THE ASSISTANCE OF THIS SUBCOMMITTEE. IT WAS MY UNDERSTANDING IN REQUESTING THIS MEETING THAT A REPRESENTATIVE FROM THE USDA WOULD MEET WITH CONGRESSIONAL REPRESENTATIVES AND MEMBERS OF THE FLORIDA AGRICULTURAL COMMUNITY TO REVIEW THE SITE SELECTION PROCESS, INCLUDING SELECTION CRITERIA, AND ANY OTHER INFORMATION PERTAINING TO THE DECISION TO SELECT FT. PIERCE.

THE SUBCOMMITTEE WAS VERY HELPFUL IN SCHEDULING A MEETING WITH RICHARD ROMINGER, THE DEPUTY SECRETARY OF AGRICULTURE. HOWEVER, TWO THINGS ABOUT THE SUBSEQUENT MEETING DISTURB ME. THE FIRST IS THAT, CONTRARY TO EXPECTATIONS, AT NO TIME WAS THE USDA'S SELECTION PROCESS DISCUSSED, AND NONE OF THE REQUESTED DETAILS WERE PROVIDED. INSTEAD, THE USDA SEEMED TO BE OPENING THE PROCESS UP TO WHAT AMOUNTED TO A SECOND PRESENTATION BY ADVOCATES TRYING TO JUSTIFY THE FT. PIERCE LOCATION.

IN FACT, IN A VERY RECENT LETTER TO THE NAPLES DAILY NEWS, ACTING USDA ASSISTANT SECRETARY FOR SCIENCE AND EDUCATION R.D. PLOWMAN ADMITS THAT THE DEPARTMENT MOVED THE GOALPOSTS IN ORDER TO RE-AFFIRM THE FT. PIERCE SELECTION. PLOWMAN CLAIMS THAT NEW CRITERIA WHICH "WAS NOT TAKEN INTO CONSIDERATION WHEN THE IMMOKALEE AND FT. PIERCE SITES WERE FIRST COMPARED" ULTIMATELY WON THE DAY FOR FT. PIERCE. I AM VERY CONCERNED THAT THE PURPOSE OF THE ROMINGER MEETING WAS SUBVERTED, AND THAT IT WAS IN FACT USED TO RATIONALIZE AND JUSTIFY A QUESTIONABLE DECISION.

THIS STATIONERY PRINTED ON PAPER MADE OF RECYCLED FIBERS

MY SECOND CONCERN IS THAT MEMBERS OF CONGRESS WERE DIRECTLY MISLED ABOUT THE NATURE AND EXISTENCE OF DOCUMENTS SPECIFICALLY RELATED TO THIS SITE SELECTION PROCESS. AS I SAID EARLIER, DESPITE REPEATED REQUESTS FROM MY OFFICE, AT NO TIME EITHER BEFORE DURING OR AFTER THE ROMINGER MEETING DID THE USDA PRODUCE ANY DOCUMENTATION RELATED TO THE SITE SELECTION PROCESS. IMAGINE MY DISMAY WHEN A LOCAL PAPER FINALLY FORCED THE RELEASE OF THESE DOCUMENTS IN AN ADVERSARIAL PROCEEDING.

I FIND IT UNACCEPTABLE THAT IT TOOK A FREEDOM OF INFORMATION ACT REQUEST AND A LONG (AND EXPENSIVE) LEGAL BATTLE BY A NEWSPAPER TO FORCE THE RELEASE OF DOCUMENTS THAT A MEMBER OF THE UNITED STATES CONGRESS HAD BEEN SPECIFICALLY REQUESTING FOR OVER A YEAR.

THE DOCUMENTS THEMSELVES OVERWHELMINGLY AND UNEQUIVOCALLY RECOMMEND IMMOKALEE. IN FACT, I BELIEVE -- EVEN GIVEN THE "NEW CRITERIA" CITED IN THE RECENT PLOWMAN LETTER -- THAT IMMOKALEE STILL COMES OUT ON TOP IN AN OBJECTIVE SCORING OF THE TWO SITES USING ALL THE CRITERIA.

BUT ALL THESE THINGS HAVE TAKEN PLACE IN THE PAST; WITH REGARD TO THE FUTURE OF THE ARS LAB, I HAVE THE FOLLOWING COMMENTS:

CONTRARY TO THE TESTIMONY OF ANOTHER MEMBER BEFORE THIS SUBCOMMITTEE, THE FLORIDA DELEGATION IS NOT UNITED BEHIND THE CURRENT RELOCATION PLAN. BESIDES MYSELF, I KNOW OF OTHER MEMBERS WHO ARE NOT SATISFIED.

IN ADDITION, I AM SURPRISED BY THE REQUEST FOR CONSTRUCTION FUNDS THIS YEAR. I UNDERSTAND THAT THE AGRICULTURAL RESEARCH SERVICE HAS NOT REQUESTED THE FUNDS, AND IN FACT WOULD NOT NEED THE FUNDS FOR SEVERAL YEARS. IT WILL TAKE THAT LONG TO SPEND OUT THE NEARLY $3 MILLION APPROPRIATED UNDER THE FY'94 AGRICULTURE BILL.

FINALLY, I WOULD LIKE TO OFFER THE OUTLINE OF A POTENTIAL SOLUTION. DEVELOPED BY MEMBERS OF THE SOUTH FLORIDA AGRICULTURAL COMMUNITY, IT HAS SEVERAL STRONG POINTS: IT RESOLVES BOTH THE SITE SELECTION DILEMMA AND THE RELOCATION DILEMMA. IT IS MORE COST EFFECTIVE THAN THE CURRENT PLAN. AND, WHILE THIS IS THE FIRST TIME I HAVE FORMALLY PRESENTED IT, I BELIEVE IT COULD GARNER THE SUPPORT OF MOST OF THE FLORIDA DELEGATION.

SIMPLY STATED, THE SUGGESTION IS TO BREAK UP THE VARIOUS COMPONENTS OF THE HORTICULTURAL RESEARCH STATION, ESTABLISHING THREE SMALLER SITES WHICH WOULD HANDLE SPECIFIC ASPECTS OF THE WORK.

IN ORLANDO: DO NOT COMPLETELY CLOSE THE ORLANDO STATION. THE PRESSURE FOR MOVEMENT HAS LESSENED FOR THE TIME BEING. GIVEN THE EXISTING FACILITIES, THE AVAILABILITY OF HIGHLY SKILLED TECHNICIANS, AND THE PROXIMITY OF A MAJOR UNIVERSITY; THE ADMINISTRATION AND THE HIGHLY TECHNICAL LABORATORY WORK COULD REMAIN IN ORLANDO. THE COSTS OF THIS "LEG" ARE NEGLIGIBLE.

IN FT. PIERCE AT THE IFAS CENTER: BUILD A SUB-STATION ON CURRENTLY OWNED STATE LAND NEXT TO THE IFAS BUILDINGS. CITRUS

RESEARCH (WITH AN EMPHASIS ON OLDER PLANTINGS) AND MAJOR MARKETING AND EXPORT RESEARCH COULD BE PREFORMED AT THIS LOCATION. ROUGH ESTIMATES PLACE THE COST OF THIS "LEG" AT $5-6 MILLION.

IN IMMOKALEE AT THE IFAS CENTER: BUILD A SUB-STATION ON CURRENTLY OWNED STATE LAND NEXT TO THE IFAS BUILDINGS. CITRUS RESEARCH (EMPHASIS ON YOUNG FLATWOOD PLANTINGS), APPLIED VEGETABLE RESEARCH, APPLIED ORNAMENTAL RESEARCH, AND ENVIRONMENTAL RESEARCH COULD BEST BE HANDLED AT THE IMMOKALEE SITE. THE COSTS FOR THIS FINAL "LEG" AGAIN ARE ESTIMATED AT $5-6 MILLION.

THE MAJOR ADVANTAGES OF THIS PLAN ARE: LOWER COST. THIS PLAN HAS A PRICE TAG OF $10-12 MILLION COMPARED TO $40 MILLION. AND BETTER USE OF AVAILABLE RESOURCES. BY PLACING SUB-STATIONS AT THREE SITES, THE ARS CAN MAKE THE BEST USE OF EXISTING RESOURCES AND CONCENTRATIONS OF COMMERCIAL CROPS.

THANK YOU FOR YOU FOR YOUR TIME AND CONSIDERATION.

TEXAS A&M PROGRAMS

WITNESSES

HON. KIKA de la GARZA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

ED HILER, VICE CHANCELLOR AND DEAN, AGRICULTURE AND LIFE SCIENCES, DIRECTOR, TEXAS AGRICULTURAL EXPERIMENT STUDIES

PERRY ADKISSON, CHANCELLOR EMERITUS, THE TEXAS A&M UNIVERSITY SYSTEM, DEPARTMENT OF ENTOMOLOGY GENERAL

JULIUS BECTON, PRESIDENT, PRAIRIE VIEW A&M UNIVERSITY

Mr. DURBIN. At this point, we want to recognize the Chairman of the House Agriculture Committee, our friend and fellow colleague, Chairman Kika de la Garza from the State of Texas. He is still our leader after so many years who is here to speak, and introduce some friends.

Chairman DE LA GARZA. Thank you very much, Mr. Chairman, Mr. Skeen. I am indeed happy and honored to introduce to you our three distinguished gentlemen from Texas, Dr. Ed Hiler, Dean of Agriculture, Texas A&M, Chancellor Emeritus, Dr. Perry Adkisson, and Prairie View A&M, a part of the Texas A&M system, General Julius Becton, who will present their testimony after me.

Mr. Chairman, I came to introduce them, to support their endeavor, and to mention two items in particular that I have been working on with what used to be Texas A&I University in Kingsville, which is also now a part of the Texas A&M system.

That is mesquite and prickly pear. Those two items, and other items in arid land research are provided for in the 1990 farm act. I wanted to very briefly tell you that Mexico over the last couple of years has sold millions of dollars of the cactus leaf from the prickly pear to Europe and Japan for food and/or medicinal needs, and we can do that.

Most ranchers in South Texas consider mesquite and cactus detrimental weeds. But take mesquite now. People are getting away from carpeting. They are going back to hardwood floors. And there is nothing better than mesquite.

There is already an ongoing plant in my area in Texas that is selling the blocks for hardwood floors made from mesquite. The problem is that mesquite grows all crooked and every-which-way. Part of the research is how to make mesquite grow like a pine tree so you can have the blocks uniformly cut from the tree.

The same way with the prickly pear. Just recently, I don't know if either of you attended the National Ag Day celebration here, but they had an army vehicle, a Bradley vehicle, that had tires from guayule which is another one of those arid land plants. And it had items—dashboard and so on—from kenaf which is a cousin to cotton, and can be made into multiple products.

Those are the areas that we would hope you and the Subcommittee would help us now in the agriculture sector. We have to diversify. We can't depend on corn in one area, soybean in another area, cotton in another area. There has to be diversification, and Texas A&M, I am happy to say, is at the forefront of this research.

Some work has been done at the University of Illinois, Mr. Chairman. Some work with the guayule was done in New Mexico, as the ranking Member knows.

I came to recommend very sincerely to you those two items, and the other areas that my three friends will enlighten you on, or remind you of what we have already done. And hopefully, within the constraints that you have, you might see fit to assist us in that endeavor. I thank you very much.

Mr. DURBIN. Thank you, Mr. Chairman. Mr. Skeen, do you have any questions of the Chairman?

Mr. SKEEN. I would like to laud him for his efforts. We appreciate it, and he always pronounces all those good names like guayle and all the rest of them very well.

Chairman DE LA GARZA. That's the future, that's the future.

Mr. DURBIN. I just hope there is a chance someday for Mr. Skeen to drive that car with guayle tires. [Laughter.]

Chairman DE LA GARZA. He can do that any day.

Mr. DURBIN. I would like to be there with my camera.

Mr. SKEEN. They are going to make chewing gum out of it too, so we will just bring you a sample.

Mr. DURBIN. All right. We now invite the delegation from Texas A&M.

Mr. SKEEN. A great university.

Mr. DURBIN. I hear that regularly. Dr. Hiler, Dr. Adkisson, General Becton.

Any witnesses who are running into a airplane scheduling problem because of the lateness of the hour should contact a member of the staff over here, and we will do our best to get you on earlier. We are sorry that the votes intervened. We thank these gentlemen for joining us today.

We have your testimony and we will include it in the record, and if you would like to summarize at this point, we invite you to do so.

Mr. HILER. Thank you. Thank you very much, Chairman Durbin, Mr. Skeen. My name is Ed Hiler. I'm the Vice Chancellor and Dean in Agriculture and Life Sciences at the Texas A&M University system.

I would like to very briefly discuss some of the projects this committee has funded in the past, and projects for which we are requesting support for in the future.

The first one on our list is the Center for Southern Crop Improvement. The A&M system is advocating a request of $6.45 million in federal appropriations to jointly fund the construction of this facility to house this center.

A&M has approved the design of this facility, and has allocated over $8 million for its construction, and thanks to the efforts of this committee, we have received a grant of $550,000 this year to initiate the project.

This project has been described in previous testimony, but let me just very briefly summarize what the facility is intended to accomplish, and some of the activities that have taken place.

All of you know the great promise that's envisioned for biotechnology to accelerate the discovery of solutions to the vexing problems in both agriculture and in human medicine.

Crop biotechnology at Texas A&M is directed towards unlocking the secrets of plant genetics so that new varieties will exhibit resistance to pests and climatic stress, and produce high quality products at a lower cost to the farmer.

This technology is buried in the seed and does not require added production inputs. In fact, the pest-resistant plants have highly reduced pesticide needs, thus reducing cost and providing environmental benefits.

Achievements will be accomplished through this center for southern crop improvement by providing modern laboratories and equipment for both molecular biologists and crop breeders, working together so that advances in recombinant DNA technology can be immediately incorporated in new crop varieties.

The molecular biologist can assist the crop breeder through development of molecular markers for identifying genes of commercial importance to incorporate in the breeding lines of crops, and crops ranging all the way from peanuts, trees, rice, and the list goes on.

The ultimate delivery system for this technology will be genetically improved crop varieties or in-bred lines.

The second project is the Center for North American Studies. This center will provide leadership in promoting stronger agricultural relationships among North American countries through cooperative study, research, policy analysis and training in order to resolve critical agricultural issues of common interest.

Research programs will compare the competitiveness of major agriculture and food production sectors of the three countries, and identify new and expanding opportunities for specific U.S. agricultural products in Canada and Mexico.

The natural resource and environmental implications of increased trade and economic integration of North American countries will also be analyzed. Policy analysis will respond to congressional requests on the impact of macro-economic farm and trade policy changes on the agricultural economics of Canada, Mexico and the United States.

The center will develop a broad range of training programs designed to prepare agricultural and agribusiness firms for international marketing opportunities, joint ventures, and investment.

The primary emphasis will be placed on education for novice, new to export, and other small to mid-sized firms.

There are several entities linked together in this center, and that has been brought about through, again, through the initial funding of this project during the current year. The cooperators include Texas A&M University, the agriculture experiment station and agricultural extension service, the agricultural research and extension center at Weslaco and the lower Rio Grande Valley that is a part of our whole operation.

Also within the A&M system, Texas A&M International University located at Kingsville, and Texas A&M, I mean at Laredo, and Texas A&M University, Kingsville. Also Louisiana State University Agricultural Center is a part of this overall effort.

Plan for the initial year is to focus on a limited number of projects to maximize the center's impact. The North American Free Trade Agreement will boost trade and foster continued economic integration of three countries, but will also exacerbate environmental problems and raise public policy concerns.

Expanded funding in fiscal year 1995 to $900,000 will allow the center to further develop cooperative linkages with universities internationally recognized, agriculture programs in the United States, Canada and Mexico, to conduct research and provide training on these emerging issues of common concern.

The third project is the Southwest Regional Biocontainment Facility for animal health and international trade. The overall goal of this initiative is to enable safe, interstate, intrastate, and international trade by constructing and operating a high level animal biocontainment facility.

This facility would support multidisciplinary international research with a mandate to do basic and applied research on the diagnosis and prevention of North American animal diseases, diseases that are found all the way from Panama to Canada.

Biocontainment facility would permit the conduct of safe research, protecting both the surrounding environment and livestock, and the individuals conducting the research.

There are a series of other smaller projects for which this committee has provided funding for, for some time. One is the Livestock and Dairy Policy Center. The project provides congress with analysis of impacts of projected changes in agricultural policy on livestock and dairy farms, and it's a joint effort with Cornell University.

Another is a regionalized farm level impact of agricultural policy. This project provides congress with analysis of impacts of projected changes in agricultural policy on crop farms.

And a third one that is becoming more and more important as time goes on is the wool and mohair research support that this committee has provided. The principal objective of the program is to use objective measurements to increase fiber production, quality and income to producers through improved selection, nutrition, management and marketing efficiency, and secondly to develop and evaluate new measurement techniques for rapid, objective evaluation of wool, mohair, cashmere, and other animal fibers.

The area of new products from rangeland, Congressman de la Garza has already provided a briefing on that. That's work that is taking place at Texas A&M University at Kingsville.

At this time, we have a continuing project, and I would like to ask General Julius Becton, president of Prairie View A&M University, to discuss this related to dairy goat research, followed by Chancellor Emeritus Adkisson who will discuss an exciting new initiative that we have.

General Becton.

General BECTON. Thank you, Dr. Hiler. Mr. Chairman, Mr. Skeen, it's good being back here.

Since I last appeared before the committee, we have improved the status of agriculture at Prairie View A&M University by establishing a college of agriculture and human science which includes the department of agriculture, department of human science which is the old home economics, the department of social work and sociology, cooperative ag. research center, and a cooperative extension center.

Our international dairy goat research center is a key member of the new college. The center was established in 1983 as an important arm of the cooperative ag. research center. The center was developed through the grants, from as you know, the science and education administration, of CSRS, of USDA.

The primary objective of the center is to generate and disseminate technical information to owners of dairy goats concerning proper management of their animals.

Major research activities are supported by Evans-Allen and special grant funds, while special projects are funded by public and private sources.

Goats are increasingly being recognized as a very important economic farm animal. Not only are they an alternate source of food, milk and fiber, but they have the capacity to be effectively used for biological weed control.

There is, however, a void in the knowledge and research available to provide small farmers and the industry with adequate technical information in overall goat management and care at the both the domestic and international level.

Most of the data available on small ruminants involve research conducted with sheep and cattle. The research program is intended to fill this void by developing a body of knowledge on overall goat management and care throughout the area of reproduction, reproductive efficiency, and health, disease, and toxicology of goats.

Basic and applied research products on both dairy goats and meat goats are being investigated. The principal areas using state-of-the-art technologies are geared to produce a body of scientific knowledge of national and international importance.

The international dairy goat research center is remedying the deficiency of knowledge of goat husbandry by developing and executing technical assistance programs designed to improve the socioeconomic status of goat farmers in Texas, the nation, and the world.

The expanded technical assistance available is assisting the economic revitalization and development of Texas agriculture. Each year the goat center conducts a field day for local and area goat producers. Additionally the center participates in a kid give-away program to local youth and 4H members.

Animals are managed by these youth for entry in a local and the area livestock shows.

While responding to the technical research needs and demands of goat owners in Texas and neighboring states, the center in collaboration with the international agribusiness studies at Prairie View serve as a U.S. counterpart to start-up and on-going research in lesser developed countries where goats are utilized as a primary research model.

The international goat research center is now in the role of pioneer, and has been identified as a model facility for international goat management, capability and research.

Collaborative activities have been initiated with several universities to include the National Autonomous University of Mexico, the University of Nueva Leon, and in a memorandum of understanding between the People's Republic of China, and our center.

Additional benefactors of research activities include workshops, and/or seminars in the following countries: China, Brazil, Guatemala, the Dominican Republic, St. Vincent, Korea, Panama, El Salvador, Jamaica, Barbados, Mexico, Egypt, and Malaysia.

Specific training has been provided for professionals from Barbados, Jamaica, Egypt, Costa Rica, and Honduras on dairy goat technology.

As I said early on, the center was established due to grants from the CSRS, USDA and from special funding for the center beginning in fiscal year 1986.

The research areas supported by these funds include many projects that are listed in my prepared testimony. Additionally, the center has attained non-federal and special funding support from the Texas agriculture diversification program in cooperation with the Texas dairy goat producers association of Sanger, the San Antonio livestock exposition, incorporated, and other elements of the USDA.

Finally, the written testimony includes a lengthy list of research projects and accomplishments. Obviously continued funding will ensure continuous success in this vital area.

Mr. Chairman, I appreciate the time and opportunity to make this presentation.

Mr. HILER. Let me now call on Perry Adkisson who will discuss a very exciting new project related to modification of fruits and vegetables to reduce the risk of diet-related diseases. Perry?

Mr. ADKISSON. Mr. Chairman, Mr. Skeen, Mr. Foster, may I say to Mr. Skeen that the last surviving coyote will probably be found under a mesquite tree. [Laughter.]

Mr. SKEEN. Well, they have to rest in between killing all the lambs.

Mr. DURBIN. Next to a rat and a cockroach.

[Laughter.]

Mr. ADKISSON. Prior to being the Chancellor at Texas A&M University system, I served several years as deputy chancellor for agriculture and was in charge of the agricultural research, teaching and extension activities of the system.

During this period, I became interested in the harmful effects of diet on human health, and began to think about how we might direct research towards development of more healthful foods that could prevent diet-related diseases.

It is my purpose today to tell you about the potential for doing this, and to request your support of the research that will be needed.

In the 1988 surgeon general's report on nutrition and health, five of the ten leading causes of death in the United States were identified as diet-related diseases. Included were certain types of cancer, coronary heart disease, stroke, and other atherosclerotic diseases and diabetes.

These five diseases are responsible for approximately two-thirds or more than two million deaths that occur in the U.S. each year. They affect millions of people causing loss of productivity, economic hardship, suffering and death. Cure of these diseases is always difficult, costly and often impossible.

And for these reasons, more attention needs to be directed towards prevention.

Since these diseases are diet-related, it should be possible to prevent them, delay their onset, or lessen their severity by changing the composition of our food, to contain greater concentrations of disease-preventing properties.

But few are doing the kind of research that's needed to modify food products by breeding techniques which would enhance those properties that aid in prevention of disease, and eliminate or reduce naturally-occurring compounds that are harmful to health.

Previous research has clearly demonstrated that there are naturally-occurring chemical compounds in some foods which can be causal factors promoting tumor formation, high cholesterol levels, and atherosclerosis.

But on a more positive note, recent studies have shown that certain vegetables and fruits contain compounds which can inhibit tumor formation, increase high density or the good cholesterol, reduce the low density or bad cholesterol, and slow down atherosclerosis.

For example, Dr. Michael Wargovich at the M.D. Anderson Cancer Center in Houston has demonstrated the effectiveness of garlic and onion compounds in preventing colon cancer in laboratory rats.

And Dr. Scott Grundy of the University of Texas Southwestern Medical Center in Dallas was the first to discover that certain antioxidants, namely beta-carotene and vitamins C and E, inhibit the oxidation of LDL cholesterol, and this aids in the prevention of atherosclerotic heart disease and other circulatory diseases.

And anti-oxidants also may aid in the prevention of cancer.

Although some of these compounds are available commercially in dietary supplements, they are naturally present in many species of vegetables and fruit.

Dr. Leonard Pike at Texas A&M has demonstrated the amounts of beta-carotene, one of the anti-oxidants, can be increased in carrots many-fold by conventional breeding techniques, and Dr. Jim Moore at the University of Arkansas has demonstrated another anti-oxidant, vitamin C level in strawberries can be increased similarly.

Now, the same can be done with these and other compounds in many vegetables and fruits. Many compounds in vegetables and fruits have been identified as factors that might assist in prevention of cancer, coronary heart disease, stroke, and atherosclerotic diseases.

This morning in the Houston Chronicle on the front page, maybe it is on the Washington Post too, I don't know, it says brocculi, a cancer stalker, and there is an article here by a group of Johns Hopkins School of Medicine researchers that say brocculi contains a chemical that will prevent cancer.

And also, in the latter part of the article, it refers to Dr. Wargovich's work on cancer prevention compounds in onion and garlic, so we have information being developed in the medical schools that show the benefit of these products for prevention of these diseases, but the information that we need to modify food will not be developed until linkages are developed between the scientists and the medical and nutritional research centers, with the plant geneticists and the food scientists of the state agricultural experiment station.

For example, we need funding to link scientists in the University of Texas Southwestern Medical Center, the M.D. Anderson Cancer Center, and the USDA's children nutrition research center in Houston.

These scientists can identify and test naturally-occurring chemicals in vegetables and fruits that might aid in the prevention of cancer and heart disease and stroke, and then they could provide the construction manual, or the specifications that would be needed by the agricultural scientists at Texas A&M, the University of Arkansas, to develop new varieties of vegetables and fruit that would contain optimal levels of the disease-preventing compounds, and reduced levels or remove entirely any harmful substances that might be present in these food products.

I believe this area of research has the greatest potential of any that is currently on the way for the long-term prevention of these most serious diet-related diseases of humans, and prevention would be accompanied by increased productivity and longevity of our citizens.

This would greatly reduce long-term health care costs incurred by individuals and local and state and federal government in the treatment and care of persons afflicted with these diseases.

Now, this is not a simple problem, it is a very complex problem and it is one in which the solution will not be easily or quickly or inexpensively obtained because research is just beginning and it is in its infancy and will not grow unless it is organized and adequately funded.

We think it will take about $10 million a year to do this kind of research at this one center. This may appear to be substantial but let me tell you that it is the less of the cost of surgery and follow-up care for only 100 to 200 colon or breast cancer patients, and there will be about 1 million new cancer cases in the U.S. this year.

Those of you that are here today that have been afflicted with cancer as I have, or those who have high cholesterol as Dr. Hiler and I have, realize that the costs for prevention are very low when compared with the costs for treatment which are not always successful.

I think the logic and the reasoning for doing this kind of research is sound and the pay-off in terms of better health care for citizens and reduced health costs for citizens and government are enormous.

We may never conquer diet-related diseases unless we remove from our foods those compounds that cause disease and enhance those that prevent it, and with adequate knowledge to guide us, we can produce these kinds of foods to the benefit of all consumers and to production agriculture in general.

This is an area of disease prevention that's clearly in agriculture's domain, and one in which agriculture should take the lead. It is a win/win situation for everyone—for producers, consumers, everybody that eats—and I urge you to support research to produce more healthful foods, foods produced to specification for prevention of these terrible diseases that are going to kill so many of us.

Thank you very much.

Mr. DURBIN. Dr. Adkisson, I continue to be intrigued by your theory on this, and I recall an earlier meeting we had on the subject, and thought about it and talked about it ever since. Ten million dollars is a pretty healthy request for this subcommittee. I'm hoping that we can find some way to get help to you within the resources that we have been provided.

I want to thank Dr. Hiler and General Becton for your testimony as well. Texas A&M always comes up with good projects for us to consider, and we are looking forward to working with you during the course of this remaining session to make sure that we meet those needs as best we can, again, with limited resources, which we are faced with.

I would like to ask you, Dr. Hiler, in terms of some of the projects that you're talking about relative to trade with Mexico and Canada, could you tell me what has happened in recent months to suggest more activity in this area, and more work at your university?

Mr. HILER. With regard to the Center for North American Studies you're talking about specifically?

Mr. DURBIN. Yes.

Mr. HILER. We have an on-going activity that is being enhanced substantially, looking at the concerns related to the environment, concerns related to the economic situations. I just can't help but think about the situation with Durham wheat in North Dakota and Canada and some of the proposals that are being discussed there.

I think we've got, there is just a whole lot of things that need some very specific study if we are going to make NAFTA work in the best way for agriculture, and you know, some of them are indicated in the testimony there, but I think environmental concerns are certainly one of them, that we've got to work on, and policy studies. That's a significant part of that center.

Mr. DURBIN. Thank you. General Becton, your testimony about Prairie View's efforts here, particularly in goat research are areas that this subcommittee has funded in the past, and we will continue to try and help in the future.

General BECTON. We appreciate that, sir.

Mr. DURBIN. We appreciate your coming. Mr. Skeen?

Mr. SKEEN. Thank you, Mr. Chairman, and gentlemen, it is always exciting and exhilarating to listen to the new things that you bring before us each time.

Dr. Adkisson, we had a little problem with the FDA and antioxidants, and I think that you are probably aware of it. Any time you bring out a new product that has any particular resonance as far as preventing cancer or something of that kind, immediately somebody is going to merchandise it.

How far along are they on the beta-carotene in research as far as absolutely nailing it down as a good preventive for some types of cancer?

Mr. ADKISSON. M.D. Anderson Group is pretty far along, and——

Mr. SKEEN. M.D. Anderson?

Mr. ADKISSON. In Houston.

Mr. SKEEN. Houston.

Mr. ADKISSON. And they have already licensed I think an in-house vitamin that contains anti-oxidants, and if they haven't, they're talking about it because they have shown that there is a preventive effect or beneficial effect from taking these on colon cancer particularly, and breast cancer which to—colon cancer is one of the worst one for men, breast cancer I guess is the worst one now for women.

The leading group on anti-oxidants happens to be at Dallas with Scott Grundy, and they are working primarily on stroke and coronary heart disease, and there they are working with supplements, and I think it won't be long until we will see the medical profession recommending people take supplements.

But Dr. Pike at Texas A&M has already produced a carrot in preliminary breeding that has got as much beta-carotene at 25,000 IUs, a 25,000 IU beta-carotene tablet, and that's what the——

Mr. SKEEN. What's an IU?

Mr. ADKISSON. Well, it's an international unit.

Mr. SKEEN. Okay. It is a measurement standard.

Mr. ADKISSON. It's a measurement standard, and that's a standard size beta-carotene that they sell at the vitamin counters in drugstores, food stores, so if people eat one of these carrots a day and have as much beta-carotene as they would get from a pill.

The problem we are talking about is a long-term problem. We ought to be starting back—you know, you don't get cancer overnight.

Mr. SKEEN. That's right.

Mr. ADKISSON. That's a long-term problem, and you don't get heart disease overnight, that's a long-term problem. We need to be starting back at the school lunch program, getting kids on a more healthy diet, and on more healthy foods.

Mr. SKEEN. Thank you, I appreciate that. I think FDA's problem is overexpansive use of the advertising and the labeling.

Mr. ADKISSON. Yes, yes. They had more of a problem with the supplement end of it.

Mr. SKEEN. Because you pretty well nail down the efficacy of the drug.

Mr. ADKISSON. Beta-carotene, I heard a report the other day, for example, Mr. Skeen, the beta-carotene sales in the U.S. last year, were over $100 million, so you are talking about——

Mr. SKEEN. A pretty good business.

Mr. ADKISSON. Big business.

Mr. SKEEN. Big business.

Mr. ADKISSON. Yes, that's a big business.

Mr. SKEEN. Thank you very much.

Mr. ADKISSON. And vitamin E and vitamin C would probably be in that category.

Mr. DURBIN. And most of the people who bought them send us postcards. [Laughter.]

Thank you for your testimony, we appreciate it.

Mr. ADKISSON. Let me suggest that you all eat your brocculi everyday, and a few onions. [Laughter.]

[The statements follow:]

Statement by Rep. Kika de la Garza of Texas
Chairman, House Agriculture Committee

Before the House Appropriations Subcommittee
on Agriculture, Rural Development,
Food & Drug Administration, and Related Agencies
April 12, 1994

Mr. Chairman, it is my pleasure today to appear before this Subcommittee to introduce three distinguished officials of the Texas A&M University System.

Dr. Hiler, Dr. Adkisson and General Becton are here to discuss how Federal funding has helped their institutions conduct a wide range of remarkable and beneficial research in the agriculture, nutrition and related areas.

These gentlemen will discuss how that research is benefiting not just agricultural producers in rural Texas but also all the ancillary agricultural industries, consumers and others who are involved in one way or another with our nation's food and fiber system. And finally, if I'm not mistaken, they will discuss the need for continued and, in some cases, additional funding and what it would help their research accomplish.

Mr. Chairman, one of the research areas that I am particularly pleased to see one of the institutions of the Texas A&M University System working on involves the commercial potential of native plants found growing on arid rangelands, plants like prickly pear cactus and mesquite that have long been considered weeds by ranchers in the southwestern states.

Mr. Chairman, as you know, I am the author of the provision in the 1990 Farm Bill that specifically authorizes the award of competitive grants for research on the commercial potential of alternative crops for arid lands. I am pleased to report that the research funding awarded to Texas A&I University at Kingsville -- a part of the Texas A&M system -- has helped it become internationally recognized and helped ranchers look at these plant species in a new light.

We are very appreciative of the past support this subcommittee has provided the Texas A&M University System in this and all the other areas. We realize the increasingly stringent budget constraints this Subcommittee faces in allocating Federal research dollars. I hope you find the Texas A&M system requests worthwhile and appropriately focused. I urge the Subcommittee to give every consideration possible to funding the areas outlined by the Texas A&M representatives. Thank you.

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The Texas A&M University System
Agriculture Program

PROJECTS

Projects covered in this testimony include:

Center for Southern Crop Improvement

Center for North American Studies

Development of Vegetables and Fruits for Greater Prevention of Life-Threatening Diseases

Biocontainment Research Facility for Animal Health and International Trade

Livestock and Dairy Policy Analysis

Wool and Mohair Research

International Dairy Goat Research Center

Farm Level Impacts on Agricultural Policy

Alternative Crops for Arid Lands

TESTIMONY IN SUPPORT OF APPROPRIATIONS FOR A FACILITY
FOR
THE CENTER FOR SOUTHERN CROP IMPROVEMENT
AT
TEXAS A&M UNIVERSITY

Mr. Chairman and members of the Committee, my name is Ed Hiler and I am here representing the Texas A&M University System is advocating a request for $6.45 million in federal appropriations to jointly fund the construction of a facility to house the Center for Southern Crop Improvement. Texas A&M University has approved the design of this facility and has allocated over $8 million for its construction. Thanks to the efforts of this Committee, we received a grant of $550,000 this year to initiate the project.

Although this project has been described in previous testimony before this Committee, let me briefly summarize what this facility is intended to accomplish and some of the activities that have taken place. Biotechnology offers one of the greatest promises ever envisioned by man to accelerate the discovery of solutions to the vexing problems of agriculture and human medicine. Crop biotechnology at Texas A&M is directed toward unlocking the secrets of plant genetics so that new varieties will exhibit resistance to pests and climatic stress and produce high quality products at a lower cost to the farmer. This technology is buried in the seed and does not require added production inputs. In fact, pest resistant plants have highly reduced pesticide needs, thus reducing costs and providing environmental benefits. These achievements will be accomplished through the Center for Southern Crop Improvement by providing modern laboratories and equipment for both molecular biologists and crop breeders so that advances in recombinant DNA technology can be immediately incorporated in new crop varieties. The molecular biologist can assist the crop breeder through the development of molecular markers for identifying genes of commercial importance to incorporate in breeding lines of crops.

The ultimate delivery system for this technology will be the genetically improved crop variety or inbred line.

In anticipation of the completion of the Center for Southern Crop Improvement, a programmatic unit called the Crop Biotechnology Center (CBC) has been formed to better exploit the capability of the new facility. This unit spans 10 crops ranging from pine trees to peanuts, that are commercially important in Texas and the Southern Region. It has membership from seven departments, six research and extension centers, USDA/ARS and the Institute for Bioscience and Technology in Houston. There are over 75 scientists affiliated with the CBC and we expect this number to increase as linkages are formed with industry and other interested organization. Over 50 meetings with commodity groups, corporate research scientists, seed company representatives, farm organizations, federal scientist and other organizations were held during the last 12 months to discuss our new approach to crop improvement. The interest level in this program is almost overwhelming in terms of the number of inquiries and visitors we receive.

Funding for crop improvement research continues to increase. We have made an investment of state funds to provide the base support for the research activities and the faculty have been successful in attracting extramural funds from a variety of sources to support their individual research programs. I might add the USDA Competitive Grants program funded through the National Research Initiative has been an important source of funding for this program. Funding for research in molecular biology and crop breeding at Texas A&M University exceeds $20 million annually.

Mr. Chairman, I hope I have conveyed to you and the members of the Committee the excitement that we feel for this project and the strong commitment that Texas A&M University has made to its crop improvement program. We have a tremendous amount of momentum in crop improvement and the new facility will allow us to further enhance our contribution to U. S. agriculture. Thank you very much for the opportunity to present this statement.

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Center for North America Students

Purpose: The Center for North American Studies will provide leadership in promoting stronger agricultural relationships among North American countries through cooperative study, research, policy analysis, and training in order to resolve critical agricultural issues of common interest.

Examples: The Center will develop cooperative institutional linkages with internationally recognized agricultural programs in Mexico and Canada in order to study the interaction and integration of the economic, trade, political, environmental, and technological dimensions of the agricultural and food systems of the three countries. Information databases relating to North American agriculture will be built to support Center programs, and faculty and student exchanges will be encouraged.

Research programs will compare the competitiveness of the major agricultural and food production sectors of the three counties and identify new and expanding opportunities for specific U.S. agricultural products in Canada and Mexico. The natural resource and the environmental implications of increased trade and economic integration of North American countries also will be analyzed. Policy analysis will respond to Congressional requests on the impacts of macroeconomic, farm and trade policy changes on the agricultural economies of Canada, Mexico, and the United States.

The Center will develop a broad range of training programs designed to prepare agricultural and agribusiness firms for international marketing opportunities, joint ventures, and investment. Primary emphasis will be placed on education for novice, new-to-export, and other small to mid-size firms.

Procedures: The following procedures relate to the implementation of Center programs during the current year:

(1) A database of Mexican agricultural and food production, consumption, trade, prices, and government policies will be collected through contacts established with Mexican Universities and SARH, the Mexican Ministry of Agriculture. Articles issues about NAFTA and related agricultural issues will be electronically scanned and also stored in a computerized database.

(2) Research Information Exchange conferences will be organized to discuss results of completed and on-going research on agricultural production and marketing techniques, and the implications of NAFTA for U.S. and Mexican agriculture. The information exchange will be jointly sponsored by agricultural universities and research institutions from both the United States and Mexico.

(3) The exchange of faculty and studen'ts between U.S. and Mexican universities to broaden educational experiences will be facilitated by developing working

relationships between the universities and inventorying the relationships between U.S. universities and Mexican counterparts.

(4) Economic models will be developed to analyze the farm, processing, trade, and price impacts of NAFTA on several key food and agriculture industries in the U.S. and Mexico, including livestock and meat, fruit, and vegetables.

(5) Work to identify the water quality and quantity responses for a typical watershed on the Rio Grande River to changes in range livestock management that are related to evolving trade between Texas and Mexico will begin with selection of the study area and data collection.

(6) To develop capability to analyze the impacts on macroeconomic, farm, and trade policy changes, economics data on Mexico and Canada will be assembled, the farm, trade, and macroeconomic policies of Mexico and Canada will be identified, and the provisions of the new GATT agreement will be reviewed.

(7) Training programs will be developed covering the implications of NAFTA and GATT for agribusinesses, strategic planning, and international marketing.

(8) Graduate and undergraduate business and agribusiness programs will be reviewed and revised to provide graduates with an increased ability to operate in the emerging international economies of North America.

Participating Cooperators and Linkages: The CNAS will be headquartered on the Texas A&M University (TAMU) campus. The following is the listing of units cooperating in the implementation of the Center:

Department of Agricultural Economics, Texas A&M University
Texas Agricultural Market Research Center (TAMRC)
Agricultural and Food Policy Center (AFPC)
Agricultural Research and Extension Center at Weslaco (ARECW)
Texas A&M International University (TAMIU)
Texas A&M University Kingsville (TAMUK)
Louisiana State University Agricultural Center (LSUAC)

Several international cooperators will play key roles in the future development and delivery of programs through the Center.

Future Plans: The plan for this initial year is to focus on a limited number of projects to maximize the Center's impact. The NAFTA will boost trade and foster continued economic integration of three countries, but will also exacerbate environmental problems and raise public policy concerns. Expanding funding in FY95 to $900,000 will allow the Center to further develop cooperative linkages with universities with internationally recognized agricultural programs in the United States, Canada, and Mexico to study, conduct research, and provide training on these emerging issues of common concerns.

	Center for North American Studies	Livestock and Dairy Policy Analysis	Regionalized Farm Level Impacts of Ag Policy	Farm Level Impacts of Ag Policies of Cooperating Countries
When did this project first receive federal appropriations?	FY 1994			New
Total appropriated through FY94:	$1000,000			zero
Source and amount of non-federal funds:	zero			zero
Where is this work carried out:	Texas A&M University in cooperation with TAMIU TAMUK Weslaco Center LSU Ag Center	AFPC at TAMU and Cornell University	AFPC at TAMU and FAPRI at U of Missouri	AFPC at TAMU and FAPRI at U of Missouri future cooperation Arizona State University

Testimony to the

U.S. House of Representatives Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Subcommittee on Appropriations

Hearing on

The Texas A&M University System Agriculture Program

by
Perry L. Adkisson
Chancellor Emeritus
The Texas A&M University System
College Station, Texas 77843-2475

April 12, 1994

Mr. Chairman, distinguished members of the Committee, ladies and gentlemen, my name is Perry L. Adkisson. I am Chancellor Emeritus of The Texas A&M University System. Prior to being Chancellor, I served several years as Deputy Chancellor for Agriculture and was in charge of the agricultural research, teaching and extension activities of The System. During this period I became interested in the harmful effects of diet on human health and began thinking about how research might be directed towards the development of more healthful foods that might prevent diet-related diseases. It is my purpose today to tell you of the potential for doing this and to request your support of the research that will be needed.

In the 1988 Surgeon's General Report on Nutrition and Health, five of the ten leading causes of death in the United States were identified as diet-related diseases. Included were certain types of cancer, coronary heart disease, stroke, other atherosclerotic diseases, and diabetes mellitus. These five diseases are responsible for approximately two-thirds of the more than 2.0 million deaths that occur in the U.S. each year. They affect millions of people each year causing loss of productivity, economic hardship, suffering and death. Cure of these diseases is always difficult, costly and often impossible. For these reasons, more attention needs to be directed towards prevention.

Since these diseases are diet-related, it should be possible to prevent them, delay their onset or lessen their severity. The Surgeon General, the National Academy of Sciences, the U.S. Department of Agriculture (USDA), the National Institutes of Health (NIH), the American Cancer Society, the American Heart Association and numerous medical and nutritional specialists suggest that people can reduce their risks to these diseases by modifying their dietary habits, mainly by reducing daily intake of total and saturated fat and by increasing the consumption of vegetables and fruits. The USDA has incorporated these recommendations in its dietary guidelines which are widely distributed.

All the above recommendations are directed towards modifying consumption of meats, oils, vegetables and fruits as they are available in the grocery store. Few have suggested that research should be done to modify these products by breeding techniques which would enhance those properties that might aid in the prevention of diet-related diseases and eliminate or reduce naturally-occurring compounds that are harmful to health. Because food preferences are so deeply ingrained in people, it is difficult to change eating habits. It would be a much better solution to modify the composition of foods so that a person might eat what he/she likes with greater health benefits and without harmful effects.

Previous research has clearly demonstrated that there are naturally-occurring chemical compounds in some foods which can be causal factors in promoting tumor formation, high cholesterol levels and atherosclerosis. But, on a more positive note, recent studies have shown that certain vegetables and fruits contain compounds which can inhibit tumor formation, increase high density lipoprotein (HDL) cholesterol, reduce low-density lipoprotein (LDL) cholesterol, and slow down atherosclerosis. For example, Dr. M. Wargovich of the M.D. Anderson Cancer Center in Houston has demonstrated the effectiveness of garlic and onion compounds in preventing colon cancer in rats; and Dr. S. Grundy of the University of Texas Southwestern Medical Center in Dallas was the first to discover that certain anti-oxidants, namely beta-carotene and vitamins C and E, inhibit the oxidation of LDL which aids in the prevention of atherosclerotic heart disease and other circulatory diseases. Anti-oxidants also may aid in the prevention of cancer. Although some of these compounds are available commercially in dietary supplements, they are naturally present in many species of vegetables and fruits. For example, Dr. Leonard Pike at Texas A&M University has demonstrated that the amount of beta-carotene in carrots can be increased many-fold by conventional breeding techniques and Dr. Jim Moore at the University of Arkansas has demonstrated that vitamin C levels in strawberries may be increased similarly. The same can be done with these and other compounds in many vegetables and fruits.

Many compounds in vegetables and fruits that have been identified as factors that might assist in prevention of cancer, coronary heart diseases, stroke and/or atherosclerotic diseases. What is not known about these compounds are their modes of action and the threshold levels that would need to be incorporated into vegetables and fruits to be effective in the prevention of these diseases.

The information needed to modify our food will not be developed until linkages are developed between scientists in nutrition/medical research centers and the plant geneticists and food scientists of the state agricultural experiment stations. For example, we need funding to link scientists in The University of Texas Southwestern Medical Center, M. D. Anderson Cancer Center, and the USDA's Children's Nutrition Research Center in Houston to identify and test naturally-occurring chemicals in vegetables and fruits that might aid in the prevention of cancer, coronary heart disease, stroke and other diet-related diseases. These scientists then could provide the "construction manual" needed by the agricultural scientists to develop new varieties of vegetables and fruits that would contain optimal levels of the disease-preventing compounds and reduced levels of harmful substances. There also is a need to expand current research to make vegetables and fruit more tasty and digestible so that people will eat more of them.

Goals of the proposed research are to: (1) develop new varieties of vegetables and fruits that will possess optimal quantities of those compounds known to assist in the prevention of certain types of cancers, coronary heart disease, stroke and other diet-related diseases and having the necessary characteristics for appearance, flavor and texture; and (2) eliminate, or reduce to below threshold levels, any compounds determined to be harmful to human health.

This area of research has the greatest potential of any currently underway for the long-term prevention of the most serious diet-related diseases of humans. Prevention would be accompanied by increased productivity and longevity of our citizens. This would greatly reduce long-term health care costs incurred by individuals, and local, state and federal governments in the treatment and care of persons afflicted with these diseases.

The complexity of this problem is enormous and the desired solution will not be easily, quickly or inexpensively obtained. Research in this area is in its infancy and will not grow unless it is organized and adequately funded. We estimate this to be about $10 million per year. This may appear to be substantial but is less than the costs of surgery and follow-up care for only 100 to 200 colon and/or breast cancer patients, and we expect to have about 1.0 million new cancer cases per year. Those of you here today who have been afflicted with cancer, or whose LDL cholesterol is too high, realize that the costs for prevention are very low when compared with the costs for treatments, which are not always successful.

The logic and reasoning for this research is sound and the pay-offs in terms of better health for our citizens and reduced health costs for citizens and government are enormous. We may never conquer diet-related diseases unless we remove from our foods those compounds that cause disease and enhance those that prevent it. With adequate knowledge to guide us we can produce these kinds of foods to the benefit of all consumers and to production agriculture in general. This is an area of disease prevention that is clearly in agriculture's domain and one in which agriculture should take the lead. It is a win/win situation for everyone and I urge you to support research for producing more healthful foods, foods produced to specification for the prevention of these terrible diseases that kill so many of us.

Thank you.

SOUTHWEST REGIONAL BIOCONTAINMENT FACILITY FOR ANIMAL HEALTH AND INTERNATIONAL TRADE

Summary:

The overall goal of this initiative is to enable safe intrastate, interstate, and international trade by constructing and operating a high level animal biocontainment facility. This facility would support multi-disciplinary, international research, with a mandate to do basic and applied research on the diagnosis and prevention of North American animal diseases (diseases found from Panama to Canada). The biocontainment facility would permit the conduct of safe research, protecting both the surrounding environment and livestock and the individuals conducting the research.

Presently, over 1.2 million cattle with incompletely defined disease status cross the border between Mexico and Texas annually. With the enactment of NAFTA, such trade is certain to increase, and there is the prospect that South American countries (e.g. Chile, Colombia) will enter as future trading partners in NAFTA.

Regional animal health issues are raised by international and interstate movement of livestock. To ensure the health of livestock and the safety of the food supply, federal and state regulatory programs should be based on sound scientific observations. However, progress in the understanding of North American animal diseases is hindered by the dearth of facilities in which these diseases can be safely studied.

The solution is to construct and operate a new high level animal biocontainment facility in Texas to conduct safe investigations of all livestock pathogens of North America. Construction of such a facility would permit increased research on North American animal diseases, focusing particularly on methods for diagnosis and prevention. North American animal disease research would be prioritized based on its impact on safe trade.

The biocontainment facility would be operated as a true regional resource, with bilingual interdisciplinary and international research teams focused on animal health issues impeding public health and safe trade.

Participants: Individuals and Organizations

- Texas A&M University, College of Veterinary Medicine
- The Texas Agricultural Experiment Station
- Texas Veterinary Medical Diagnostic Laboratory
- Texas Animal Health Commission
- US Department of Agriculture (Animal & Plant Health Inspection Service and Agricultural Research Service)

- Secretaria de Agricultura y Recursos Hidraulicos de Mexico (SARH)
- Scientists and state veterinarians from other southwestern states of the USA (New Mexico, Arizona, Oklahoma, Louisiana, and Arkansas) and northern states of Mexico
- Consultants on biocontainment facilities (international and national sources)

Goals and Objectives:

- Establish a regional committee to develop a program of requirements document for the Southwest Regional Biocontainment Facility.
- Establish a regional scientific consortium, with a Policy & Steering Committee (to determine usage of the facility) and an Operations Committee (to oversee standard operational procedures).
- Construction of the Biocontainment Facility.

Significant Features of Program:

- Development of scientifically sound basis for establishing regional disease management zones to initiate and perfect safe trade.
- Facilitate safe trade by reducing animal health issues and reducing the need for new regulatory programs that hinder international trade and jeopardize animal agriculture.
- Provide the biosecurity required to address exotic animal disease emergencies.
- Establish a linkage of North American scientists, with focus on animal health issues impacting NAFTA-related trade.
- Address additional issues related to toxicology, environmental pollutants, recombinant microorganisms, and transgenic animals.

Resources Needed: (Current and Projected Annual)

- State of Texas: $15 million for construction, with recurring $3 million annually for operational costs.
- Federal Government: $15 million matching funds through NAFTA authorizing legislation, with approval of Secretary of Agriculture.

Outcomes Anticipated and Measurable:

- Approval of federal matching funds for construction of facility.
- Establishment of regional consortium consisting of scientists from southwestern states of the USA (Texas, New Mexico, Arizona, Oklahoma, Louisiana, and Arkansas) and northern states of Mexico (Sonora, Chihuahua, Coahuila, Nuevo Leon, Tamulipas), with a Policy & Steering Committee and an Operations Committee.
- Completion and occupancy of the facility, within 5 years of approval of funding.

Livestock and Dairy Policy

Purpose: This project provides the Congress with analyses of the impacts of proposed changes in agricultural policy on livestock and dairy farms. Through Cornell University it also supports networking by a group of leading dairy economists for the purpose of developing dairy policy concepts and explaining their implications to the broader industry.

Examples: In a contemporary context the funds derived from this appropriation are being used to answer the following Congressional requests:

- How would the target price concept apply as a substitute for the wool and mohair incentive program and what impacts would have on New Mexico or Nevada ranches?
- What application does the New Zealand Dairy Board concept of an exclusive dairy product exporter have to the U.S. dairy industry?

In the past we have analyzed the impacts of changes in grazing fees on representative ranches, changes in commodity policy on livestock and dairy farms, and of EPA animal waste regulations on dairy farms.

Analytical Procedures: Our ability to respond in a timely manner to Congressional requests is a result of continuing support for the **Livestock and Dairy Policy** project. The network for this project includes FAPRI at Missouri and Iowa State Universities, Cornell University and Texas A&M University. The dairy component of the project extends the network to Wisconsin, Michigan, Ohio, Pennsylvania, and South Carolina.

Texas A&M's contribution to the project includes the development of 44 livestock and dairy farms and ranches located in major U.S. production areas. These farms and ranches are developed with the cooperation of farmer panels who provide data, certify that the resulting farms or ranches are representative of the region, participate in regular updates, and receive all reports that we complete for the Congress.

Future Plans: At this point, we have no intention of expanding or changing the focal point of this project. It has demonstrated the ability to respond to a wide range of agricultural policy issues in considerable depth. We plan on continuing this high level of responsiveness as the Congress enters the 1995 farm bill deliberations. Realizing the seriousness of the budget constraints we are only asking for continued funding at the $525,000 level in FY 1995.

Regionalized Farm Level Impacts of Agricultural Policy

Purpose: This project provides the Congress with analyses of the impacts of proposed changes in agricultural policy on crop farms.

Examples: In a contemporary context the funds derived from this appropriation are being used to answer the following Congressional requests:

- What will be the impact of the Uruguay Round GATT agreement on Illinois corn/hog farms, Arkansas rice farms, or Kansas wheat farms?
- How will the Administration's proposals to modify crop insurance affect the fruit and vegetable industry?
- What would happen to crop farms if income insurance were substituted for our current commodity programs?

In 1993 we analyzed the farm level impacts of a series of deficit reduction proposals as part of the tax and budget reconciliation package. Since 1990, the year of our first opportunity under this project, most of our congressional requests have been for studies of the impacts of changes in either commodity policy or macroeconomic policy on farms.

Analytical Procedures: Our ability to respond in a timely manner to Congressional requests is a result of your continuing support for the **Regionalized Farm Level Impacts** project as one component of the network of projects and universities centered around FAPRI at Missouri and Iowa State Universities.

Texas A&M's contribution to this network is the development of 36 crop farms located in major U.S. production areas. These farms are developed with the cooperation of farmer panels who provide data, certify that the resulting farm is representative of the region, participate in regular updates, and receive copies of all reports that we complete for the Congress.

Future Plans: Our discussions with Congressional staff combined with our awareness of current issues leads us to conclude that agricultural policy decisions are increasingly taking on environmental dimensions. Contemporary concerns increasingly evolve from issues of water quality, pesticide use, animal waste runoff and even air quality. Policies to address these concerns have the potential for having major impacts on farmer income flows and land values.

Our representative farms were not designed to address environmental issues. However, we are currently investigating the potential of modifying them to be able to evaluate the environmental, income, and asset value impacts of environmental regulations. Initial indications in working with selected farmers look favorable. However, the conversion will be both costly and time consuming. This is our reason for the request for an increase in appropriations from $346,000 in FY 1994 to $500,000 in FY 1995. It will be impossible to add this environmental dimension to our representative farms without this added support.

Statement for continued USDA support of wool and mohair research in Texas

Summary

Research with wool and mohair is needed by the 100,000 sheep producers, 10,900 Angora goat raisers, countless thousands of families, and rural communities involved in wool and mohair production, marketing, and processing in order that the associated industries remain globally competitive, profitable, and sustainable while using and contributing to the U.S. natural resource base. The impending loss of wool and mohair incentive payments to producers accompanied by projected increased costs of federal grazing leases are already undermining the profitability of these industries. Producer members of the American Sheep Industry Association annually prioritize their research needs. Two of their top four national research priorities are, "to improve objective measurement systems for evaluating wool quality" and "to improve marketing procedures to result in more effective price discovery through value-based marketing." The proposed research addresses both of these topics and is conducted primarily in a unique Texas facility and by a staff that was assembled to respond to these industry needs. Close collaboration with Wyoming and Montana wool

researchers is assured through the sharing of funds in the Special Grant. In addition, the researchers involved in this project cooperate on an international, national, and regional basis with USDA-ARS, university, and industry scientists conducting wool and mohair-related research.

Statement

Wool and mohair commodities are subject to large price fluctuations. In the U.S., income to producers of these fibers has been stabilized by the National Wool Act and the wool and mohair incentive payments. This support program will cease to exist in two more years, leaving the U.S. wool and mohair industry in a precarious position. To stabilize and increase profitability in the wool and mohair industries, it is essential that all aspects of production, including nutrition, management, selection, harvesting, and marketing, be improved. Emphasis in this research program will be on the development and expanded use of objective fiber measurements in each of these industry segments. With the large and diverse land and the small ruminant genetic resources available in the U.S., there is no reason this country should not be one of the world's leading producers of animal fibers, sheep and goat meat.

State Agricultural Experiment Station (SAES) scientists in Texas, Montana and Wyoming have unique expertise and facilities for research using objective measurement of animal fibers. Their research has already contributed to the introduction of value-based marketing systems for wool (and mohair) in the U.S. over the past five years. Further refinements in rapid, accurate objective fiber measurements (primarily, to reduce cost) will be required before these innovative marketing systems are fully acceptable to the industry. The wool and mohair research in Texas has been funded through a special grant since 1984. In this time, the principal investigator has conducted a program in San Angelo which has included cooperative experiments with USDA, ARS scientists at the U.S. Sheep Experiment Station in Idaho and the U.S. Meat Animal Research Center in Nebraska as well as SAES scientists in Montana, Wyoming, California, and numerous other states. The Wool and Mohair Research Lab in San Angelo has become a recognized center for research with animal fibers.

The principal objective of the program is to **use** objective measurements to increase fiber production, quality, and income to producers through improved selection, nutrition, management, and marketing efficiency, and secondly to develop and evaluate new measurement techniques for rapid, objective evaluation of wool, mohair, cashmere and other animal fibers.

The continuing cost of this initiative will be $250,000/yr. This money will be used to support ongoing research. None will be used for facilities or equipment. An appropriation in the USDA Cooperative State Research Service (USDA/CSRS) Special Grant Program is requested for the Texas, Montana, and Wyoming state agricultural experiment stations to fund this project in the 1995-96 budget. An appropriation of $250,000 is sought for the three institutions with $200,000 going to Texas and $25,000 to both Montana and Wyoming.

Texas should continue to received the bulk of these grant funds because it initiated this cooperative program with the USDA and because Texas is the largest producer of sheep (20%) and Angora goats (90%) in the country. This state certainly has the most to lose if sheep and goat production is permitted to decline but conversely, the most to gain if these industries are expanded. Annual income from sheep, goats, wool, and mohair amounts to approximately $200 million, about 1.7% of the states agricultural production. Doubling the size of the state flocks could have a positive impact on the ecology of many range sites while providing employment to many. Since an excellent research program with sheep and goats already exists in San Angelo, it would be appropriate to continue funding wool and mohair research at this location.

PRAIRIE VIEW A&M UNIVERSITY
COLLEGE OF AGRICULTURE AND HUMAN SCIENCES
COOPERATIVE AGRICULTURAL RESEARCH CENTER
INTERNATIONAL DAIRY GOAT RESEARCH CENTER

INTRODUCTION

The International Dairy Goat Research Center (IDGRC), established in 1983, is an important arm of the Cooperative Agricultural Research Center (CARC) at Prairie View A&M University and is administered by the Research Director. The Center was developed through grants from the Science and Education Administration, Cooperative State Research Service, United States Department of Agriculture. The (primary) objective of the CentER is to generate and disseminate technical information to owners of dairy goats concerning proper management of their animals. Major research activities are supported by Evans-Allen and Special grant funds, while special projects are funded by public and private sources.

THE CAPRINE RESEARCH PROGRAM

Goats are increasingly being recognized as very important economic farm animals. Not only are they an alternate source of food, milk and fiber, but they have the capacity to be effectively used for biological weed control. There is, however, a void in the knowledge and research available to provide small farmers and the industry with adequate technical information in overall goat management and care, at both the domestic and international levels. Most of the data available on small ruminants involves research conducted with sheep and cattle.

The Caprine Research Program is intended to fill this void, by developing a body of knowledge on overall goat management and care throughout the areas of reproduction, reproductive efficiency, and health , disease and toxicology of goats. Basic and applied research projects on both dairy goats and meat goats are being investigated. The foci areas using state-of-the-art technologies, are geared to produce a body of scientific knowledge of national and international importance.

STATE, NATIONAL, AND INTERNATIONAL BENEFITS TO ECONOMIC DIVERSITY

The International Dairy Goat research Center is remedying the deficiency of knowledge (recorded research and hands-on training) of goat husbandry by developing and executing technical assistance programs designed to improve the socioeconomic status of goat farmers in the State of Texas, the Nation, and the world.

The expanded technical assistance available is assisting, to a major degree, in the economic revitalization and development of Texas agriculture. Each year the IDGRC conducts a field day for local and area goat producers. Additionally, the IDGRC participates in a Kid Give-Away Program for local youth and 4-H members. Animals are managed by these youth for entry in local area livestock shows.

While responding to the research needs and demands of goat owners in Texas and in neighboring states, the IDGRC, in collaboration with the Institute for International Agribusiness Studies at Prairie View A&M University, serves as a U.S. counterpart in start-up and on-going research in Lesser Developed Countries where goats are utilized as the primary research model. The IDGRC is now in the role of pioneer and is being identified as a model facility for international goat management capability and research.

COLLABORATIVE EFFORTS

Collaborative activities have been initiated with several universities to include:

1. National Autonomous University of Mexico in Mexico City to engage in information exchange on goat production; identification and exchange of genotypes of goats; research and development concerning production of goat meat, milk, and cashmere fiber and skins; scholarly exchange; and joint scientific conferences every five years, beginning in 1991 in Mexico.

2. University of Nueva Leon, Monterey, Mexico to promote a collaborative research and training relationship between the two institutions to include scientist and student exchange.

3. Memorandum of Understanding between the People's Republic of China and IDGRC for joint agricultural programs; scientific and scholarly exchanges on goat production and reproduction; identification and promotion of goat genotypes throughout the world, and research and development of multi-purpose goats for producing fiber, meat, milk and skins; and technical training.

4. Additional benefactors of research activities include: Workshops and/or seminars in China, Brazil, Guatemala, the Dominican Republic, St. Vincent, Korea, Panama, El Salvador, Jamaica, Barbados, Mexico, Egypt, and Malaysia. Specific training has been provided for professionals from Barbados, Jamaica, Egypt, Costa Rica and Honduras on dairy goat technology.

FUNDING

The Center was established through grants from the Science and Education Administration, Cooperative State Research Service, United States Department of Agriculture and from special funding for the International Dairy Goat Research Center beginning in FY 1986. The research areas supported by these funds, since 1985, include each of the following:

FY 86 Chemical and Biological Characteristics of Goat Milk and Cheddar Cheese
Principal Investigator: Young W. Park
Funding: $90,060

FY87	The Use of Gene Transfer to Improve Caprine Genetics Principal Investigator: Louis Nuti Funding: $90,060
FY88	Nutritional Evaluation of Alternative Feedstuffs for Dairy Goats Principal Investigator: Nelson Escobar Funding: $90,060
FY89	Establishing a Breed of Cashmere Goats Principal Investigator: Thian H. Teh Funding: $90,060
FY90	Evaluation of Goat Conceptus and Pregnancy Specific Endometrial Proteins Principal Investigator: Gary Newton Funding: $70,152
FY91	Isolation and Characterization of Major Cell Wall Proteins of C. Pseudotuberculosis Principal Investigator: Cleantis Braithwaite Funding: $71,100
FY92	Changes in Vaginal Mucus Traits in Goats Principal Investigator: Louis Nuti Funding: $70,041
FY93	The Use of Genetic Evaluation Procedures for Selection in Goats Principal Investigator: Jackson Dzakuma and Eric Risch Funding: $70,992

Additionally, the International Dairy Goat Research Center has attained non-federal and special funding support from the following entities:

- Texas Agricultural Diversification Program in cooperation with the Texas Dairy Goat Producers Association of Sanger for:
    1. The promotion of a comprehensive bilingual marketing package of written and video materials to inform producers and educate consumers on the variety of products from goat cheese, befir, chevron or cabrito, leather, blood serum for medical tests on milk for infants with dairy-sensitive diets - $10,000.

    2. The development of a cashmere industry in Texas through documentation of appropriate production techniques and genetic resources to cross with existing Spanish goat populations in cooperation with the Texas Agricultural Experiment Station in San Angelo - $15,000.

~ The San Antonio Livestock Exposition, Inc. provided support to establish an Endowment for Research Fellowships in Caprine Research - Funding: $100,000. The Texas A&M University System provided matching support for the fund.

~ The San Antonio Livestock Exposition, Inc. provided support for two undergraduate scholarships at @ $6,000 each.

~ Received a $50,000 grant from USDA/NRICGP to, "Establish a Meat Type Goat population at the Goat Center" - 1992/94.

~ Received a $281,454 grant from USDA/CSRS Capacity Building Grant Program to develop a, "Decision Support System for Meat Goat Production" - 1993/96.

~ Received a $50,000 grant from USDA entitled, "Maternal Contributions to Embryo Recognition" - 1992/94.

~ Received a $32,986 USDA Formula Animal Health Grant entitled, "The Cellular Basis for Antifertility Effects of Gossypol" - 1993/95.

RESEARCH ACCOMPLISHMENTS

The following accomplishment list is a sampling of research projects that have ensued as components of the aforementioned research thrusts:

1. Role of Proteins in Caprine Conceptus
2. Mobility, Morphology and Quality of Caprine Spermatozoa
3. Immunoglobulins in Caprine Colostrum
4. Efficacy of Vitamin A in Goat Kids
5. Quantity and Quality of Cashmere from F1 Offsprings
6. Physiology of Cashmere Production
7. Effects of Colostrum Quality and Sources on Survival of Neo-Natal Goat Kids
8. Protein Requirements of Growth Performance of Growing Goats Phosphorus Requirement on Bone Matrix and Integrity of Growing Goats
9. Nutrition Evaluation of Alternative Feedstuffs for Dairy Goats
10. Physiological Evaluation of Diarrhea in Dairy Goat Kids, Prevention and Treatment of Diarrheic Kids
11. Caprine Arthritis Encephalitis- Determination of Non-Medical Method of Interrupting the Dam/Daughter Transmission of the CAEV
12. Comparative Anthelmintic Study of Dairy Goats
13. Study of Factors Affecting Post-Thaw Viability of Goat Embryos
14. Determination of Time of Pre-Ovulatory Luteinizing Hormone Surge Using Prostaglandin Hormones for Improving Artificial Insemination and Induced Parturition of Dairy Goats
15. Preliminary study with In-Vitro Fertilization of Follicular Stage Goat Oocytes

16. Effects of Day of Pregnancy of Protein Secreted by the Peri-Implantation Caprine Conceptuses and Maternal Endometrium
17. Induction of Estrus with Cloprostenol and Morgestoment in Cycling and Non-Cycling Dairy Goats: Determination of the Time of the Pre-Ovulatory LH Surge and its Relationship to Fertility

ALTERNATIVE CROPS FOR ARID LANDS
TEXAS A&M UNIVERSITY-KINGSVILLE
APRIL 12, 1994

Support for agriculture diversification programs for rural, semi-arid Texas based on high-value products from mesquite and cactus is requested in the amount of $100,000 for Texas A&M University-Kingsville. These two plants occur on nearly 100 million acres in the non-irrigated land resource base of Texas and other parts of southwestern United States and Mexico. Mesquite is a nitrogen fixing tree and cactus has a high water use efficiency, making both an outstanding candidate for low-input, sustainable economic development in some of the most destitute regions of our country.

From a financial point of view, one of the most serious world agricultural problems is that too many farmers are growing the same crops. This has resulted in excess supplies of the major commodities, with farmers in France, Germany, Argentina and the United States all competing in a global economy for market share and price.

The most logical solution to this dilemma is to diversify American agriculture by developing alternative crops for the land resource bases. As is true for economic development in the industrial sector, more economic growth from crop diversification would be expected to occur from small agricultural businesses than large agricultural corporations.

Texas A&M University-Kingsville has been involved with economic development of mesquite for flooring, lumber, food products, and drought resistant ornamentals for over 12 years. For the last 5 years we have concentrated on charcoal for barbecue, lumber, and flooring uses since they have the highest value and volume potential. For example mesquite chunks packaged in 5 lb. plastic bags have a wholesale value of $400 per ton and mesquite lumber has a value of $2,000/ton. Texas A&M University-Kingsville has been an active participant in development of the mesquite barbecue chip and chunk industry. The 5 major chunk manufacturers have accounts with major chains such as Albertsons, Safeway, Brinkman, and Weber Grills in all 50 states. We are working with the barbecue manufacturers and the beef industry to co-market beef and mesquite to "add flavor without calories". The industry is now only about $3 million dollars a year, but it has only 1% of the volume of the $400 million dollar charcoal briquette industry (biquettes are often made from bituminous coal and clay binders without wood). Thus there is the potential to grow into a several hundred million dollar per year industry. This industry has seen substantial growth over the last several years. Texas A&M University-Kingsville is currently working with these barbecue members to adapt new developments in forestry manufacturing equipment to reduce costs and increase production capacity.

Perhaps the most exciting development in the mesquite industry is the development of lumber, flooring, and furniture from mesquite. Only recently have the similarities between the highly figured, orange/red colored mesquite lumber and the lumber of other exotic leguminous trees such as cocobolo, purpleheart, Brazilian rosewood and Indian rosewood become recognized. While mesquite is harder than domestic hardwoods such as oak, walnut, and cherry, when it comes to three dimensional stability as measured by volumetric shrinkage, mesquite has one of the lowest values of all tropical hardwoods. Thus it has less tendency to swell and shrink with changing moisture conditions.

As a result of the ever increasing pressure to conserve the forests of both the northwestern United States and tropical areas, May 1993 lumber futures increased by 100% in 6 months. Over the last 10 years U.S. hardwood exports increased 10 fold to be a $500 million dollar earner of foreign exchange. Clearly the hardwood furniture industry requires no subsidies and contributes significantly to our balance of payments.

Over the last 6 years we have been developing processes that can utilize short (30 inch), small diameter (7 to 11 inch diameter) mesquite logs to manufacture high value flooring. The process we developed has been transferred to the private sector and in the last 4 months they have spent $30,000 to upgrade the equipment developed at Texas A&M University-Kingsville. Much more investment in equipment and market development is anticipated in the coming year.

Perhaps the most significant development in the mesquite lumber industry is the adoption of a revised Lumber Grading System (to take into account mesquite's smaller boards) that is consistent with National Hardwood Lumber Association (NHLA) grading rules. This system was adopted by the NHLA at their annual convention in Dallas in October, 1993. Adoption of this system will permit the sale of lumber by FAX or phone throughout the world.

Texas A&M University-Kingsville has also been involved in a major R&D program to develop the fruit, vegetable, and forage uses of cacti. This is significant since cacti have a specialized photosynthetic pathway that is 4 times more efficient than the most efficient grasses or broadleaves in converting water to dry matter. Thus diversified agricultural systems based around cacti will be water efficient and could also help in reduction of atmospheric CO_2 concentrations by virtue of their great efficiency.

In the United States the model for cactus fruit production occurs in Salinas, California where the D'Arrigo Bros. farm about 300 acres of cactus. By using 14 inches of water from drip irrigation and by utilizing the 14 inches of annual rainfall, they produce about 20,000 lb. of marketable fruit per acre valued at about $10,000/acre. This fruit is sold in northeastern United

States and southern Canada to those of Italian descent. Unfortunately this variety is not cold hardy enough to be used in Texas. Given annual returns of $2/acre for cattle and about $120/acre for sorghum, cactus could be a significant crop for Texas if cold hardy varieties can be developed.

We had significant fruit production from high producing clones, but they were killed by the Christmas 1989 freeze. We have since obtained 30 more clones from high elevation sites in northern Mexico where temperatures of 10°F are routine.

In Hispanic cultures, the young, immature leaves of cactus, known as nopalitos, are consumed in fresh salads, in baked entrees, and pickled with garlic, onions, and hot peppers. Texas A&M University-Kingsville has also developed a spineless, highly prolific variety of cactus, known as Texas A&M University-Kingsville 1308, in which the leaves can be eaten directly. From an initial release of only 700 plants in December 1989, over 30 farmers are now multiplying this variety for commercial production. Many of these are small farmers in isolated rural areas who supplement their income with sale of nopalitos. The major produce buyer in Texas (HEB) has agreed to provide a fixed price purchase contract for about $0.55/lb. that would provide gross returns to farmers of several thousand dollars per acre. This will pave the way for large scale farming of nopalitos.

A major marketing tool in the sale of cactus leaves is the fact that it apparently contains a mild anti-diabetic that lowers levels of blood glucose, insulin, and triglycerides. Clinical trials conducted in research hospitals in Mexico City have ascribed part of this effect to fiber and part to an as yet unidentified compound.

Since the late 1800's, many ranchers have continued to rely on burning the spines off cactus for cattle feed during times of drought. This process is becoming more sophisticated with "least cost rations" being developed for supplementation to balance minerals, protein, and energy requirements. One rancher in Cotulla, Texas has planted over 300 acres of native spiny cactus in rows for cattle feed.

The Texas A&M University-Kingsville program is assisting with all aspects of cactus development for arid lands including development of more cold hardy fruit varieties and registration of pesticides for use in farming and marketing. Every year Texas A&M University-Kingsville co-sponsors an international conference on development of cactus. This year's conference featured the food editor of Southern Living Magazine and the Food and Wine Critic of the San Antonio Express newspaper in a promotion of cacti as a human food.

After 14 years of R&D at Texas A&M University-Kingsville, private industry is also beginning substantial investment in a rapid growing nitrogen fixing tree or shrub, Leucaena leucocephala, that is useful for cattle feed. This shrub has been planted widely in the tropics for firewood and forage, but never grown commercially in the United States. Leucaena has high protein leaves (about 24% protein) and has grown 12 ft. in 5 months in southern Texas. Leucaena shows particular promise for the cattle industry in Texas, since it is 100% resistant to the disease (cotton root rot) that prevents alfalfa from being commercially grown in most of Texas. However Leucaena has also been successfully grown in Florida, Arizona, and California and has potential throughout the southeastern United States.

Mr. Edwin Singer, a cattleman with a background in the petroleum industry has become very interested in developing leucaena as new high protein feed for the livestock industry in Texas. In 1992 he planted 1.2 million seedlings on a pivot irrigated farm south of San Antonio and will plant 1 million seedlings per year until 1,000 acres have been planted. Mr. Singer has also purchased a self propelled forage harvester to harvest the crop and has retained an agriculture engineering firm to develop passive geothermal techniques to dry and pelletize this crop for range cubes. By the end of 1993, Mr. Singer and associates had invested nearly half a million dollars in this project.

In summary, the applied R&D at Texas A&M University-Kingsville to diversify American agriculture has attracted very significant investment and participation from the private sector. The industries in each of the three areas of R&D, i.e., cactus, leucaena, and mesquite, are experiencing 20-30% yearly growth in very low income rural areas of Texas that desperately need economic growth. These crops do not require price supports. We strongly urge the funding of this R&D project that has demonstrated great capability to assist with economic growth.

WOOD PRODUCTS RESEARCH

WITNESS

HON. JAMES L. OBERSTAR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF MINNESOTA

Mr. DURBIN. Congressman Oberstar.

Mr. OBERSTAR. Thank you, Mr. Chairman, Mr. Skeen, for squeezing me in here. I was supposed to have been here earlier, and I had meetings that spilled over, and then we had the series of votes, and I appreciate your taking me as late in the day, and I will try not to prolong your session.

Mr. DURBIN. The standard in our subcommittee is that the likelihood of success is inversely proportional to the length of the statement.

Mr. OBERSTAR. Yes.

Mr. DURBIN. Proceed.

Mr. OBERSTAR. Last year, you were very persistent and creative in conference with the other body in succeeding to get some funding for a very important natural resources research project in the Northeastern Minnesota, and that institute, the NRRI, has very effectively and very wisely used those funds, and wants to continue this program of wood-based research.

The NRRI is one of those early aversion defense conversions. It was an over-the-horizon radar block house that ten years ago we were able to convert to a research center that takes products that have been developed by small businesses and helps them move them to the marketplace.

This is not a basic research program, but it does some of that type of work.

One of the initiatives was using sawdust from furniture and other wood processing plants in the taconite process which is low grade, or process it to a high grade pellet that has to be heated in a huge kiln using natural gas as a fuel.

They found that they can use sawdust, and reduce the amount of natural gas required, and get a better product at the end of it because the sawdust burns through the whole length of this 300-foot long kiln.

They have five other promising initiatives that were undertaken with the help of the funding the committee provided last year.

First is taking low-grade lumber like aspen, birch, or maple that is poor grade, takes the knots out, defects out of the wood, and processes it into a high-grade cabinet work or furniture wood that then will create jobs, and this process has already created jobs for small businesses in our district.

Using resins and other extractions from wood, low-grade wood that otherwise would just be rotting or not harvested at all, and using, processing the resins and other extractions into adhesives and foams and coatings that are used in other wood products.

Third is use of a steam process for making molded wood products like moldings that you have in this room. Instead of applying heat which is wasted, and doesn't penetrate, the steam penetrates deeper into the wood and they are able to use wood chips and other wasted product to make moldings or like this dental molding right under the rostrum here.

The fourth product is using red pine that hasn't been used for much else to make like cedar shake for roofing. That is already starting and we hope will be a very successful business.

They ship some on a demonstration basis, wood shakes, and composite oak flooring, taking small otherwise wasted pieces of oak which is in short supply in Northern Minnesota, and threading them together with finger gluing, and making quality oak flooring.

Finally there is the very interesting idea, instead of using two-by-fours in the housing construction, to take a whole four-by-eight panel of composite molded wood, wood chips that are molded into four-by-eight panels.

And then in-between the panels using foam that is also used from extracted resins providing a significantly higher heat retention and cold resistance in exterior structures of home building.

These are the kinds of things that are being developed with the funding that you have, this committee has provided—saving energy, utilizing material that otherwise is not commercially available and has a high job yield and will help keep our area competitive.

Mr. DURBIN. Thank you, Mr. Oberstar. As you will recall, last year we talked about whether we could fund such research, and after some consultation with our friends in the other body, we decided it was appropriate, and I was glad to help to get this project started.

We are going to try to help you again this year with limited resources even more so than last year. We will try to do our best.

Mr. OBERSTAR. I'm not asking for any more money than we had last year.

Mr. DURBIN. Thank you. Mr. Skeen?

Mr. SKEEN. I have no questions?

Mr. DURBIN. Thanks for joining us.

Mr. OBERSTAR. Thank you very much.

Mr. DURBIN. We appreciate it.

[The statements follow:]

STATEMENT OF THE HONORABLE JAMES L. OBERSTAR

OF MINNESOTA

BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON THE AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES

APRIL 12, 1994

MR. OBERSTAR: MR. CHAIRMAN, Members of the Subcommittee, I am pleased to have the opportunity to appear before this subcommittee to request continued appropriations for a natural resources program of critical importance to my district and the State of Minnesota. I understand the budgetary constraints which you face, and I appreciate the $290,000 which this subcommittee gave to the program in Fiscal Year 1994.

Natural Resource Research Institute (NRRI)
Duluth, Minnesota

NRRI at the University of Minnesota-Duluth should receive funding through the Cooperative States Research Service to expand its activities in the incubation of wood products technologies which will help ensure sustainable development of private sector opportunities in the wood products industry. The proposed program will build on concepts which have been used successfully by NRRI since 1985 and emphasize the opportunities provided by private/public partnerships.

The program will be directed towards existing small businesses, which play a critical role in the nations' economy and particularly the rural economy. It will provide resources and the coordination of the technology transfer process to small businesses while assessing market opportunities which are not currently being explored. It will then work with companies to implement value-added manufacturing to provide products to fill those market voids. The goal is to improve the competitiveness of these companies in the global marketplace through research and development.

The Minnesota initiative to encourage job retention and job creation in private sector natural resource based companies has been extremely productive. It is estimated that the Institute has been responsible for producing over 500 new jobs. The proposed program will build on this initiative and implement these successful procedures over a broader region around the Lake States.

The President's economic program calls for long-term public investment in economic growth and jobs. The NRRI wood products program is a model for doing this, and I request that the subcommittee provide $300,000 to fund this program.

Mr. Chairman, this is my only funding request for FY95. I understand the severe fiscal restraints under which you must work this year, and I greatly appreciate your past support of the natural resources programs benefitting Minnesota and the nation. Your continued support will allow proper stewardship and preservation of the abundant natural resources of northeastern Minnesota.

ANIMAL WELFARE

WITNESS

CHRISTINE STEVENS, SECRETARY, SOCIETY FOR ANIMAL PROTECTIVE LEGISLATION

Mr. DURBIN. Ms. Christine Stevens who has waited patiently now for a long, long time. Please join us.

Ms. STEVENS. Thank you very much, Mr. Chairman.

Mr. DURBIN. Well, thank you for coming and thanks for waiting.

Ms. STEVENS. And I am accompanied by Cathy Liss who is the research association expert.

Ms. LISS. Good afternoon, Mr. Chairman.

Mr. DURBIN. We always like to have experts before the committee.

Ms. STEVENS. Good. And I want to talk especially about the animal welfare act. That is the chief federal law for the protection of animals, and the Society for Animal Protective Legislation played a leading role in its enactment back in 1966.

So Mr. Chairman, I know that high regard that Chairman Sidney Yates has for you, and so I am heartened and hope that you will want to consider the testimony. We are representing twelve other groups as well.

It really is essential law enforcement that is coming before you. It's a lot more money than we have ever had before, however, and that's why I'm prefacing it with a kind of a fearful but hopeful look.

Twenty million dollars is not really that much money when you consider that they have to cover the entire United States. There is also $7 million of regulatory enforcement programs, $750,000 for animal welfare information center, $500,000 for enforcement of the horse protection act, and an increased allocation for non-lethal research in animal damage control funds.

I would like just briefly to go over the very large number of sites. For example, with 1,400 registered research facilities, their are 3,149 separate sites that the inspectors have to go to, and then 4,154 licensed animal dealers, and also you can read how many animal exhibitors, carriers which have thousands of sites—airlines of course, and the registered intermediate handlers.

As Martha Glenn of the Humane Society pointed out, we are representing both humane organizations and research organizations, so we have both, so-to-speak, sides agree that we want more funding for the animal welfare act which does so much for animals in laboratories.

The animal care component of the act has a field staff of only 83 people, and it has to go, it has 8,000 registrants and licensees, and last year it had gotten up to 86, but really, the very least that there should be is 100 inspectors if we want to achieve anything like what ought to be done under this law.

Lack of funds is serious impeding the inspection process. Facilities within a short distance of the BMOs or ACIs are inspected often, while long distance inspections are rare.

Inspectors who travel 200 miles to a registrant or licensee for compliance inspection are encouraged to return home for the night even if another site is nearby. Now, that isn't sensible. They ought to stay and get the work done, so I hope you may wish to give them guidance on that because there are a limited number of inspectors with a vast area to cover. They spend up to 50 percent of their time traveling.

So if there were a somewhat larger number of inspectors, there wouldn't be quite so much travel. It used to be in veterinary services, you see, and that covered the country much more thoroughly.

Inspection of research facilities is a time-consuming job for the 46 veterinary medical officers so I have listed here other needed financial points, but I won't read them in the interest of time, and I would like to skip to the animal welfare information center and point out that they at present, some of the money that is so sorely needed by the information center is taken off for other purposes of agricultural library and that ought to be stopped.

I hope that this subcommittee will simply say, lay down the law, and say that $750,000 should stay right where the improved standards for laboratory animals, and then the amendments to the animal welfare act are designated, but they should be used.

I would like to now pass to Cathy.

Ms. LISS. I would just like to talk briefly about those problems with licensed random source dog and cat dealers.

In this past year, they have received quite a bit of publicity, particularly on the television as well as in the print media, and the problem is USDA licensed random source dealers which have been shown to be involved in unscrupulous activities.

Animals, peoples' pets are being acquired under false pretenses with licensed dealers or people known as bunchers collecting these animals that are advertised as free to good home, and assuring them they are going to get a good home, and then promptly selling them to a dealer for medical research.

There was a regulatory requirement that went into effect in the beginning of 1989, and this requires the random source dealers to maintain extensive records on each animal they acquire.

The USDA requires any person supplying animals to a dealer, to give their complete address, license plate and driver's license number, and this is extremely important. However, this recordkeeping is only effective if the USDA inspectors are able to confirm that complete and accurate records are being maintained by the dealers, and to do this, they have to do trace-backs and record-checks.

They must look to be sure all that information is provided, and then look to see if those individuals actually own the animals, or whether they were found on the streets, or perhaps stolen.

In fact, one dealer named Julian Toney is being charged with more than 1600 apparent records violations. We don't know the source of many of his animals. This case is now pending before an administrative law judge, and has been for more than a year.

Until the case is heard though, he is still able to buy and sell dogs and cats, and that's something we're terribly worried about, and again, Martha Glenn mentioned earlier the possibility of regulatory or statutory changes, and we would support that, and are working with agriculture towards that end.

In the area of animal damage control, there is a long list of unfunded projects for research on non-lethal methods that sit before the deputy administrator, and we believe that funding must be increased dramatically to make these and other research efforts possible.

Non-lethal control methods are critical to the future of wildlife management by the federal government. Methods could include taste aversion, exclusion, fright devices, repellents, guard animals, and wildlife contraception.

Non-lethal methods can meet the public's expectations to reduce animal suffering as well as provide the means to resolve wildlife damage problems.

There is discussion now about changing the name animal damage control to wildlife services because of a new approach to handling the issue, and we're concerned that this is going on while ADC field staff are continuing to use 30,000 steel jaw leghold traps on predators, and they are only checked once in 72 hours.

Veterinarians worldwide including the American Veterinary Medical Association, and the World Veterinary Association agree that steel traps are inhumane. We would disagree with their need to be used.

I was involved recently, first I would like to add that I am a member of the National Animal Damage Control Advisory Committee so I know that Mr. Skeen had brought up the issue of coyote control, and getting together with industry, and this is industry, individuals meeting with animal welfare people to try to work out our differences, that certainly we are in agreement wherever possible to reduce animal suffering and mortality.

I was also out at the Department of Agriculture facilities and they are studying the idea of foot snares for use on coyotes as a means to reduce the suffering and injury inflicted on coyotes.

Thank you very much.

Mr. DURBIN. Thank you for your testimony. You undoubtedly heard our conversation with Ms. Glenn about some of our concerns, and if you would like to add some information to that which she is sending us, we would appreciate that very much, and we will take a closer look at your testimony as we sit down and try to work out these budget figures.

Ms. LISS. Thank you.

Ms. STEVENS. Thank you very much, and we would like to submit these books too, if we may.

Mr. DURBIN. Why, certainly.

Ms. STEVENS. For your use.

Mr. DURBIN. They will be made part of our records. Mr. Skeen?

Mr. SKEEN. Thank you, Mr. Chairman, and I appreciate the conversations that we've had today because I think it's time that we have a frontal meeting about this business, instead of having these two separate groups going their separate ways.

I think there is a total lack of understanding between both groups exactly what is effective and what is not effective in handling depredation problems. I will argue with anyone that we had a very effective program at one time, but it was not politically appealing to some folks. The 1080 program eliminated the coyote problem exactly where it was necessary, in the lambing areas and in the sheep-producing areas, but it was species-specific, and it didn't bother anything else.

But we removed that system, so now we are going back to the old way of doing it which is, I think, probably the one that you object to mostly; leg traps, snares, cyanide poppers and the rest of it. It all boils down to this, we need to find something that works.

We tried the 1080 on the collars. That hasn't proved too effective. I would like to see the two groups get together and understand, at least understand each other's problem a little better.

I don't know any livestock grower that wants to abuse any animal, or kill it if it is not necessary. But when you find them in the lambing grounds and where they are killing ten to twenty lambs a night in just a small pasture, you are out of business before long.

There should be a better way of doing it.

Ms. LISS. I recognize your concern, and that's part of why we hope that more funds can be made available for non-lethal research. There are a number of extremely good ideas there that I think hold potential.

Mr. SKEEN. Yes.

Ms. LISS. To solve some of these problems, as well as to be acceptable to the general public.

Mr. SKEEN. I appreciate that. Of course, I have to go back to the old saw that years ago we were talking about contraception as a method of controlling the population of coyotes and someone said that they are not breeding those sheep, they're eating them. [Laughter.]

Ms. LISS. However, it is the coyotes that are breeding that are depredating in order to feed their young.

Mr. SKEEN. Oh, I understand that whole cycle better than you do because we have to live with them day and night, and we get very fond of coyotes.

Ms. LISS. Thank you.

Mr. SKEEN. Thank you.

Mr. DURBIN. Thank you very much for your testimony, and your patience.

[The statement follows:]

SOCIETY FOR ANIMAL PROTECTIVE LEGISLATION
P. O. Box 3719
Georgetown Station
Washington, D.C. 20007

(202) 337-2334

April 12, 1994

The Honorable Richard J. Durbin
Chairman, House Appropriations
Subcommittee on Agriculture, Rural
Development, Food and Drug Administration,
and Related Agencies
2362 Rayburn House Office Building
Washington, DC 20515

Dear Mr. Chairman:

The animal welfare organizations listed below support the testimony of the Society for Animal Protective Legislation requesting an appropriation of $20 million for the Animal Care Program, $7 million for the Regulatory Enforcement Program, $750 thousand for the Animal Welfare Information Center, $500 thousand for enforcement of the Horse Protection Act, and an increased allocation of Animal Damage Control funds for non-lethal research.

With appreciation for your consideration,

Sincerely,
Christine Stevens
Christine Stevens
Secretary

Albert Schweitzer Council on Animals and the Environment
American Humane Association
American Society for the Prevention of Cruelty to Animals
Animal Care and Welfare/SPCA
Beauty Without Cruelty
Doris Day Animal League
Elsa Wild Animal Appeal
Fund for Animals
Humane Society of the United States
Interfaith Council for the Protection of Animals and Nature
International Primate Protection League
Washington Humane Society

SOCIETY FOR ANIMAL PROTECTIVE LEGISLATION
P. O. Box 3719
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Washington, D.C. 20007

(202) 337-2334

Statement in Support of $20 Million for the Animal Care Program, $7 Million for the Regulatory Enforcement Program, $750 Thousand for the Animal Welfare Information Center, $500 Thousand for Enforcement of the Horse Protection Act, and an Increased Allocation of Animal Damage Control Funds for Non-lethal Research for FY 1995

Submitted to the House Appropriations Subcommittee
on Agriculture, Rural Development, Food and Drug Administration,
and Related Agencies

Christine Stevens, Secretary

April 12, 1994

The Animal Welfare Act is the chief federal law for protection of animals. Thorough and diligent work by the Regulatory Enforcement and Animal Care (REAC) staff of USDA, APHIS are paramount to ensure compliance with this Act. Since its inception in 1988, REAC's responsibilities under the Animal Welfare Act have grown, yet its budget has not increased in proportion to the heightened financial needs. In FY 1993, REAC's field staff of Veterinary Medical Officers (VMOs) and Animal Care Inspectors (ACIs) conducted unannounced inspections of:

1,400	registered research facilities, with 3,149 separate sites
4,154	licensed animal dealers
1,828	licensed or registered animal exhibitors
129	registered carriers (which include airlines), with sites numbering in the thousands
280	registered intermediate handlers

Woefully insufficient funding has permitted widespread lack of compliance with the minimum standards of the Animal Welfare Act by licensees and registrants; the animals maintained by the entities listed above are paying the price.

Submitted with this testimony is a letter from organizations representing both the animal protection and biomedical communities calling for increased appropriations to facilitate the important work of REAC.

REORGANIZATION OF APHIS IN 1988

The Animal Care Program underwent a major upheaval with the reorganization of APHIS conducted in 1988. The Animal Care Program was removed from Veterinary Services, and a new program, Regulatory Enforcement and Animal Care, was established. The process of reorganizing, coupled with a lack of commitment to enforcement and insufficient funds, was nearly the undoing of the program. Since its creation over six years ago, much effort has gone towards salvaging and equipping REAC to address its charge of enforcing the Animal Welfare Act and Horse Protection Act. Fortunately, progress has been made, and now there is a greater emphasis on enforcement by REAC's small, but dedicated staff. We do not believe that further reorganization will improve the ability of REAC to carry out its charge, however, additional funding is absolutely necessary to achieve this goal.

ANIMAL CARE

The Animal Care component of REAC has a field staff of 83 people with the seemingly unattainable task of inspecting the nearly 8,000 registrants and licensees listed on page one often enough to ensure compliance with the Animal Welfare Act. Budget constraints continue to reduce the number of inspectors, which had peaked at 86. At least 100 total inspectors are desperately needed to achieve a reasonable assurance of compliance. Because of anticipated budget shortfalls, plans are already underway to dramatically scale back the number of inspections conducted at registered research facilities.

For FY 1994, ninety-two percent of the Animal Welfare appropriation is obligated to cover salaries and benefits of the entire existing staff of 155.

Lack of funds has seriously impeded the inspection process. Facilities within a short distance of the VMOs or ACIs are inspected often, while long distance inspections are rare. Inspectors who travel 200 miles to a registrant or licensee for a compliance inspection are encouraged to return home for the night, even if another site is to be inspected in the same region as the previous one, 200 miles away. While this helps reduce expenditures from the dwindling current budget, it is not an efficient, effective way to administer the animal care program.

Because there are a limited number of inspectors with a vast area to cover, VMOs and ACIs spend up to 50% of their time traveling to and from sites. As cars are needed, used ones are being acquired from other USDA programs. The inspectors are suffering from wear and tear, too.

Funding is needed for local work conferences and Sector conferences to provide opportunity for groups of inspectors to meet with each other and their bosses. Aside from a few specialized courses, limited to a small number of inspectors, there has been no training for field inspectors since FY 1991.

Inspection of research facilities is a time-consuming job left to 46 VMOs, who may also have to inspect other registrants and licensees. The current regulations for so-called enforcement of the 1985 Improved Standards for Laboratory Animals (ISLA) amendments to the Animal Welfare Act require that each research facility develop a plan to provide exercise for their laboratory dogs and a physical environment adequate to promote psychological well-being for primates. Each research facility housing dogs and/or primates has its own plan, and the VMO must read each plan in its entirety and then inspect the facility to ensure its compliance with the document as well as the other requirements of the Animal Welfare Act. The Society for Animal Protective Legislation joined the Animal Legal Defense Fund and other plaintiffs in fighting these problematic regulations in favor of more specific, uniform requirements.

The following additional funding is requested:
Addition of a minimum of 17 inspectors, $1,337,000
Travel, communications and overhead, $2,100,000
Work conferences and training, $616,000
Inspection for compliance with ISLA regs., $1,860,000
Drafting new legislation/regulation, $350,000
Trace-backs of Random Source B Dealers, $342,500
Extending coverage to mice, rats and birds, $3,154,000
Acquisition of Equipment (vehicles, computers, cameras), $540,500
Relocation of Headquarters, $100,000

REGULATORY ENFORCEMENT

The Regulatory Enforcement component is responsible for enforcing all APHIS programs. Investigators pursue cases brought to their attention by the Animal Care staff. They investigate apparent violations of the Animal Welfare Act, document evidence and develop cases for prosecution. Staff needs are not a serious issue within this component, however, it is necessary to relocate 5 staff members to meet program demands more efficiently.

Additional funding is needed for the following:
Training and work conferences, $120,000
CITS (Alleged Violation, Case Tracking System) computers, and upgrading of existing system, $150,000
Replacement of copiers, $25,000
Replacement of 18 vehicles, $290,000
Relocation of 5 employees, $250,000
Assisting Animal Care with trace-backs, $265,000

LICENSED RANDOM SOURCE DOG AND CAT DEALERS

This past year there has been extensive local and national media coverage on pet theft, including Connie Chung's "Eye to Eye" and NBC's "Hard Copy". Missing dogs and cats are supplying the laboratory animal trade. Random source dealers have been shown to be involved in unscrupulous activities. This year one of the most notorious animal dealers, Ervin Stebane, signed a consent agreement to permanently hand over his dealer's license. A case is pending against another infamous dealer, Jerry Vance, who can not account for the acquisition and disposition of hundreds of dogs and cats, housed in substandard quarters.

Animals are being acquired under false pretenses, with licensed dealers or "bunchers" collecting animals advertised in newspapers as "free to good home". The "good home" is actually a research laboratory where there is no guarantee that the animal will not suffer prior to death.

A regulatory requirement went into effect in 1989 requiring random source dealers to maintain extensive records on each animal they acquire. Any person supplying animals to a dealer must give their complete address and license plate and driver's license numbers. USDA stated its belief that the additional recordkeeping requirements would serve in "enhancing the traceability of the animals" and "will be a valuable tool in combatting the sale of animals obtained unlawfully." Finally, dealers who have operated outside the law must now account for sources of their animals.

The requirement for records is only effective if USDA inspectors confirm that complete and accurate records are being maintained by the dealers; to do this they must conduct record checks and trace-backs. Trace-backs involve confirming that the source listed for an individual animal was really the owner. Checks conducted have revealed repeated instances of inaccurate records; the individuals listed as having been owners of animals, were not actually the owners!

One dealer, Julian Toney, is being charged with more than 1,600 apparent records violations! This case has been pending before an administrative law judge for more than a year. Until the case is heard, he is able to continue buying dogs and cats and selling them to research institutions.

Crack-downs such as these must continue through aggressive, across-the-board trace-backs by REAC. In addition, Animal Care is pursuing possible corrective measures through additional statutory and regulatory requirements.

ANIMAL WELFARE INFORMATION CENTER

An appropriation of $750,000 should be designated as a line item for the Animal Welfare Information Center (AWIC) located at the National Agricultural Library (NAL). The AWIC was established as mandated by ISLA, which called for an information service to assist with laboratory animal employee training, prevention of unintended duplication of animal experiments, reduction or replacement of animals where possible, and minimization of animal pain and distress.

The AWIC is a valuable resource to researchers, Institutional Animal Care and Use Committees, veterinarians and librarians and should be a resource for the entire REAC staff. In the past the AWIC has conducted workshops, provided grants and exhibited at conferences. Unfortunately, much of the money designated for the Center has been used to cover other programs within the NAL. This must stop. We strongly recommend that Committee report language designate the appropriation solely for the AWIC to carry out its responsibilities under ISLA and not for other purposes.

ANIMAL DAMAGE CONTROL PROGRAM

A long list of unfunded projects for research on non-lethal methods sits before the Deputy Administrator. Funding must be increased dramatically to make these and other research efforts possible. Non-lethal control methods are critical to the future of wildlife management by the federal government. These methods include taste aversion, exclusion, "fright" devices, repellents, guard animals, and wildlife contraception. Some methods that have been developed are being employed, but there is a tremendous need for further research and implementation. Non-lethal methods can meet the public's expectations to reduce animal suffering and provide the means to resolve wildlife damage problems.

The wildlife species ADC have attempted to manage have shown strong resilience at eradication; killing animals is oftentimes only a temporary solution. For example, coyotes will produce more young in response to population reductions which have occurred from damage control killing. In addition, it is parent coyotes, raising young, that are most likely to prey on livestock. The population of coyotes in the United States has never been greater, despite lethal attempts at control.

We support the Administration's proposal to decrease the budget for Animal Damage Control operations. In the past ADC has been the beneficiary of strong financial support from Congress. ADC must be held accountable for continued use of steel jaw traps, denning, poisoning, and aerial gunning. Until ADC has followed through on a commitment to further develop and utilize non-lethal control methods, we will continue to support budget reductions.

ADC states it is undergoing a make-over, but we believe it is principally cosmetic. As part of the make-over, ADC plans to change its name to one which is believed to be more palatable to the public, "Wildlife Services". Meanwhile, ADC field staff continue to use 30,000 steel jaw leghold traps on predators, checking them only once in 72 hours! Veterinarians worldwide, including the American Veterinary Medical Association and the World Veterinary Association agree that steel jaw traps are inhumane. When will USDA's ADC recognize this and melt down these traps?

HORSE PROTECTION ACT

In addition to their duties inspecting for compliance with the Animal Welfare Act, VMOs must also patrol horse shows to ensure compliance with the Horse Protection Act. Limited funds permitted inspection of only approximately one-fifth of the 518 horse shows conducted in FY 1992, the most recent year for which we have data. USDA inspectors find twice as many sore horses as do the "Designated Qualified Persons" (DQPs) when inspecting at shows. Virtually all DQPs are associated with the Tennessee Walking Horse industry. There is a lack of resolve within the industry to stop the deliberate soring of horses competing in shows. $500,000 would enable VMOs to attend more shows, thereby discouraging violations of the Horse Protection Act.

April 12, 1994

Rep. Richard J. Durbin
Chairman, Agriculture, Rural Development, FDA,
and Related Agencies Subcommittee
Committee on Appropriations
U.S. House of Representatives
2362 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Durbin:

Animal Welfare Act enforcement is a unique and critical responsibility that Congress assigned to the U. S. Department of Agriculture (USDA). As evidenced by repeated amendments to the Act strengthening and broadening the Department's authority, as well as continued national and local media attention to the subject, laboratory animal welfare remains a high priority of the American public. Speaking for millions of our citizens, the undersigned organizations, from both the animal protection and biomedical research communities, respectfully request your subcommittee to increase the meager appropriation for USDA's Animal and Plant Health Inspection Service (APHIS) animal care program. This allocation has never exceeded $10 million per annum.

Responding to public concern, the U. S. Congress gave USDA major new regulatory responsibility with the 1985 amendments to the Animal Welfare Act. Therefore, before reinvention of government became a universal marching order, a new APHIS unit called Regulatory Enforcement and Animal Care (REAC) with a small full-time staff exclusively dedicated to animal welfare was established in 1988. Although the public's expectation has never been greater, subsequent budget constraints have prevented the further evolution of REAC. Nevertheless, APHIS and REAC leaders have produced marked improvement in Animal Welfare Act enforcement and compliance. We are now concerned that plans to consolidate and downsize some of USDA's activities will negatively affect this small, but essential program. The organizations below strongly support continuation of the REAC effort and urge that sufficient funds be appropriated for its real growth.

Despite level funding in recent years, APHIS has managed to slightly increase the number of mandated inspections of the 7,751 regulated facilities (9,483 actual sites) from 13,762 in FY 1991 to 17,593 last year. This was accomplished with a field staff of only 86 FTE's and at the expense of adequately maintaining inspection support services. To fully meet the intent of Congress as expressed in the Animal Welfare Act, the number of inspections and veterinary inspectors, the quality and depth of their training and support must be augmented.

Animal protection and research organizations agree that federal oversight of research facilities is a critical function. We encourage Congress and the USDA to allocate the resources necessary for this unique statutory obligation to be carried out efficiently and effectively.

Should you have any questions, or require additional information, please contact Adele Douglass of the American Humane Association (202/543-7780), Cathy Liss with the Society for Animal Protective Legislation (202/337-2334) or Barbara Rich at the National Association for Biomedical Research (202/857-0540). Thank you very much for your consideration of this important issue.

Sincerely,

Albert Schweitzer Council on Animals and the Environment
American Academy Dermatology
American Association for Laboratory Animal Science
American Heart Association
American Humane Association
American Medical Association
American Pediatric Society
American Physiological Society
American Psychological Society
American Society for Laboratory Animal Practioners
American Society for Microbiology
American Society for Pharmacology and Experimental Therapeutics
American Veterinary Medical Association
Animal Care and Welfare/SPCA
Animal Rights International
Arthritis Foundation
Association of Academic Health Centers
Association of American Medical Colleges
Association for American Veterinary Medical Colleges
Association of Medical School Pediatric Department Chairmen
Association of Veterinarians for Animal Rights
Beauty Without Cruelty
Council for Compassionate Governance
Doris Day Animal League
Elsa Wild Animal Appeal
Endocrine Society
Federation of American Societies for Experimental Biology
Federation of Behavioral Psychological and Cognitive Sciences
Fund for Animals
Genentech, Inc.
Health Industry Manufacturers Association
Humane Society of the United States
Interfaith Council for the Protection of Animals and Nature
International Fund for Animal Welfare
International Primate Protection League
Massachusetts Society for the Prevention of Cruelty to Animals
National Association for Biomedical Research
Oregon Humane Society
Performing Animal Welfare Society
Psychologists for the Ethical Treatment of Animals
Society for Animal Protective Legislation
Society for Investigative Dermatology
Society for Neuroscience
Society for Pediatric Research
Washington Humane Society

USDA PROGRAMS

WITNESS

BRUCE BRUMFIELD, PRESIDENT, NATIONAL COTTON COUNCIL OF AMERICA

Mr. DURBIN. Bruce Brumfield, National Cotton Council. Thank you for waiting patiently too. We welcome you.

Mr. BRUMFIELD. Thank you, Mr. Chairman. Mr. Chairman, Mr. Skeen, I am Bruce Brumfield and I serve as president of the National Cotton Council of America, the central organization of the U.S. cotton industry.

I operate a diversified farming operation on which cotton is my primary cash crop near Inverness, Mississippi.

Thank you for allowing me to present testimony today. In the interest of time, I will focus on a few selected issues included in my detailed written testimony which I understand will be made part of the record.

The primary topics I want to address are funding for the federal cost share component of the boll weevil eradication program, the cotton seed oil assistance program or COAP, and the market promotion program.

This subcommittee has been instrumental in providing funds to APHIS for the 30 percent federal cost share for the boll weevil eradication program. Producers provide 70 percent of the funds.

As a result of the success of the program, 1½ million acres in Virginia, North Carolina, South Carolina, Arizona, Georgia, Florida and South Alabama are weevil free, and a containment program in the high plains of Texas has effectively protected over three million acres from the spread of the boll weevil.

The cotton industry believes elimination of the boll weevil is a key component of effective cotton production in the future. Regions where the boll weevil has been eradicated have reduced insecticide use by 40 to 80 percent, a very dramatic reduction.

This enhanced insect control, insecticide reduction translate to lower production costs, greater yields, and a cleaner environment.

Independent economic analysis shows that every dollar spent for eradication generates approximately $12 in economic benefits.

The program's success in reducing costs and increasing income has motivated growers in the Midsouth and the Texas, Oklahoma regions for scientific guidance by state and federal officials to design a plan to accelerate the program.

For fiscal year 1995, the industry is asking for $36.2 million to enable APHIS to provide operational leadership, and cover 30 percent of the cost of operating the program. Growers would continue to provide 70 percent of the funds.

Programs to be funded in fiscal year 1995 include post-eradication, continuation of efforts underway in Alabama, Tennessee and East Mississippi, and simultaneous initiative of efforts in two areas of Texas, and one in Mississippi.

This schedule would place 1½ million acres under active eradication programs in fiscal year 1995. According to the plan, 2.3 acres in Mississippi, Texas, Louisiana and Arkansas would be added in fiscal year 1996.

I am pleased to report that several referenda authorizing self-assessments have recently been overwhelmingly approved by producers. The margin of approval demonstrates grower support and ensures producer funding will be available to meet the 70 percent cost share needed to accelerate the effort.

I would also ask that you reject OMB's proposal to eliminate no year funding for the program. Insect infestations do not follow the appropriations cycle so it is important for APHIS to have the flexibility of no-year funding to effectively operate this program.

The administration's budget proposes elimination of the cotton seed oil assistance program, and sunflower oil assistance program which are authorized and funded through fiscal year 1995.

The USDA analysis concluded elimination of COAP would have a dampening effect on export sales and cotton seed oil prices. The export assistance available through COAP is estimated to have added as much as $9 to $11 a ton to the value of cotton seed at the farm level by helping cotton seed oil compete against subsidized competition and export markets.

The program has functioned effectively because it allows USDA to award a bonus-based on competitors prices and it does not have to be cleared by the interagency committee. Because of a number of operational limitations, we do not believe the same results can be achieved using the export enhancement program.

In fact COAP and SOAP were originally created by the appropriations committees because these vegetable oils could not have qualified for EEP.

While we cannot argue that if you eliminate COAP there will be increased outlays to negate the budget savings, we can say that COAP has helped cotton seed oil competitively in important export markets.

As a result, crushers are able to purchase additional cotton seed from producers which increases farm income, and crushing plants can operate longer and provide more employment. We urge you not to eliminate these valuable programs.

Mr. Chairman, we also urge you and your colleagues to resist making further reductions in funding for the market promotion program, and foreign market development program.

I want to thank you for your efforts on the House floor last year in defense of the MPP and for the hearing that you conducted March the 22nd. The cotton industry uses MPP as an integral component of a successful, long-term export market development program which also includes FMD, GSM loan guarantees, and PL–480.

We have used MPP to successfully leverage foreign mills to increase their purchases of raw cotton, and we have used it to encourage retailers to purchase more U.S. value-added textile, apparel, and home furnishing products.

Raw cotton exports account for over 40 percent of our annual production, and are valued at $2 billion annually.

Value-added exports have quadrupled to 2 million bale equivalents. These exports contribute to farm income and create jobs.

We look forward to working with you to build the necessary support for MPP so it can continue to be a part of a viable export development program.

In conclusion, I would ask that you note our support for funding for the whitefly action plan. The continued income losses due to insect sugar rendering cotton unsuitable for spinning must be controlled.

We also support funding to continue the pink boll worm sterile moth releases in the west. I know that you are familiar with the pesticide reductions associated with this bio-control program.

This completes my oral testimony, and I would be pleased to respond to questions.

Mr. DURBIN. Thanks, Mr. Brumfield. One of the things that we've tried to focus on with limited MPP funds is to encourage value-added products, American-made value-added products.

I understand from your testimony 40 percent of your cotton is exported in raw form, but since we have a limited amount of money through MPP, we have asked the department to focus on those exports using American agricultural products which also create jobs in our country, so I hope you will understand that focus has a lot to do with the limited resources we have available, and I hope that the cotton council will do their best to cooperate in encouraging that type of use of MPP funds.

Mr. BRUMFIELD. Thank you, sir, and we certainly will.

Mr. DURBIN. Mr. Skeen?

Mr. SKEEN. Thank you, Mr. Chairman. I also understand the problem, but I would like to remind us too that we lost a lot of our spinning, cotton spinning ability to the Pacific Rim countries some time ago. But with the new technology and the rest of it, it is coming back to this country. I'm glad to see that happen because I think it will mean we can go through this process of value-added here within this country. But it is still a very important part of our exports, the raw cotton.

Mr. BRUMFIELD. That's very true, Mr. Skeen, and our efforts, of course, in the past, have been centered on raw cotton. In the last several years, in the last recent history, of course, much more emphasis has been put on value-added products as U.S. apparel makers, U.S. manufacturers, textile industry has become much more competitive, has spent lots and lots of money to upgrade quality, to become the most efficient textile industry in the world.

And this allows us to be competitive, with your help. Marketing and promotion is a very competitive business worldwide, as you gentlemen know, and we must have help if we're going to be competitive in the world today.

Mr. SKEEN. I sure think you are right. We saw some of the new spinning techniques being applied at the agricultural research center in New Orleans, and I think that we got a lot of experience out of that.

Thank you very much for your testimony.

Mr. BRUMFIELD. You can rest assured, sir, as a producer, I am reminded by my manufacturing friends every time I see them, how much money they are spending to upgrade their technology.

Mr. SKEEN. Tell them to keep at it.

Mr. BRUMFIELD. Thank you.

Mr. SKEEN. Thank you, Mr. Chairman.

Mr. DURBIN. Thank you, sir.

Mr. BRUMFIELD. Thank you.

[The statement follows:]

Statement of
National Cotton Council of America
to the
House Appropriations Subcommittee on Agriculture,
Rural Development, Food and Drug Administration, and
Related Agencies
April 12, 1994

The National Cotton Council is the central organization of the U.S. cotton industry, representing growers, ginners, cottonseed crushers, warehousemen, merchants, cooperatives, and textile manufacturers from California to the Carolinas. At the Council's annual meeting in February, the 300 delegates selected by 90 state, regional and national organizations endorsed expanded agricultural research, education, market development and action programs to reduce costs and increase competitiveness of U.S. cotton.

Delegates also asked for accelerated research to solve environmental problems, calling for new technologies to control pests, manage crops, and conserve natural resources. The industry supports reduction in crop production inputs where they are cost effective and consistent with good production practices. We also support efforts to assure a wholesome and safe food and fiber supply.

We understand budgetary restraint is a reality and agree that all sectors of the nation should help hold the line on government spending. However, American agriculture's long term viability and potential for continued improvement depend fundamentally upon investment in development and application of new scientific principles. Additionally, market enhancement and development activities is an effective method for increasing exports of U.S. commodities. In this regard, we are recommending several adjustments in USDA's proposed FY95 budget.

I. Boll Weevil Eradication - USDA, APHIS

A. Background on request:

Eradication of the boll weevil has been achieved on 1.5 million acres of cotton in Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Arizona and California. Industry has proof positive that eradication works. Without the boll weevil, producers benefit from 10% yield increase and reduced cost of production, and reduced insecticide use by 40-90%. Presently, there are 8 to 9 million acres in the five Mid-South states and Texas/Oklahoma infested with boll weevils. Growers now are enthusiastically supporting acceleration of programs to eliminate the boll weevil. Our request of $36.29 million, compared to USDA's request for $13.75 million, in FY95 reflects the accelerated schedule.

FY95 will be the first year in an accelerated plan to eradicate the boll weevil as a pest of U.S. cotton. Programs to be funded in FY95 include post-eradication, continuation of programs underway in Alabama, Tennessee, and east Mississippi, and to simultaneously initiate new eradication zones in two areas in Texas and one in Mississippi. Accelerated schedule calls for 1.5 million acres in Alabama, Tennessee, Mississippi and Texas being under active boll weevil eradication programs in FY 95.

New eradication zones will be initiated on 2.3 million acres in Mississippi, Texas, Louisiana, and Arkansas in FY96 according to accelerated plan.

The Council urges rejection of the proposal to eliminate the "no-year" funding designation for boll weevil programs. The flexibility allowed with no year funding is critical to the effective operation of the program.

B. FY95 funding request in millions:

	Actual		Cotton Industry Requested	USDA Requested
	FY93	FY94	FY 95	FY 95
SE eradication program	11.30	11.23	13.98	11.35
SW eradication (CA, AZ, Mex)	.88	.88	.88	.88
TX High Plains Containment	1.02	1.02	.89	1.02
TX/OK eradication	-	-	11.54	-
Mid-South	-	-	7.35	-
Pre-eradication/methods/maint.			1.65	-
TOTAL	13.13	13.13	36.29	13.25

II. Pink Bollworm Programs - USDA, APHIS

A. Background on Requested Action:

The pink bollworm is a serious economic pest in West Texas, New Mexico, Arizona and the southern desert valleys of California. Because it is a constant threat to invade California's San Joaquin Valley and become established, California growers for more than two decades have joined USDA/APHIS in a partnership known as the cooperative pink bollworm containment program. Through comprehensive cultural and biological controls, pink bollworm establishment has successfully been prevented in the San Joaquin Valley.

Sterile moth releases are an essential component of this program. Use of biorational methods includes sterile adult moths, pheromone traps and cultural methods which allow control of the pink bollworm without use of pesticides. Over 6 million moths are reared and sterilized each day in Phoenix facilities leased by California producers. Equipment, methods and partial support for rearing and operations are furnished by APHIS. Appropriations received for fiscal years 1991 through 1994 enabled the completion of a new rearing facility which eventually will have the capacity to produce up to 15 million moths daily, three times the number of pink bollworm moths produced in the old facility. Up to 5 million moths per day are needed for the SJV program, so the increase in rearing capacity will for the first time provide sterile moths in sufficient numbers to support the goal of wide area suppression with targeted eradication of the pink bollworm using biorational methods.

A three-year wide area program on up to 20,000 acres in southern California's Imperial Valley began in 1994. The FY94 appropriation included $512,000 to begin this trial program and the request for FY95 includes a budget for $950,000 for the second year of the trial. Success in the pilot trial could lead to expansion into other pink bollworm infested areas. Technology which will be proven during this pilot program is in support of this Administration's policy on pesticide use reduction. The proposed areawide approach to pink bollworm management through non-chemical procedures will ultimately enable Western cotton growers to implement more effective integrated pest management programs and reduce insecticide use.

B. FY95 Funding Request:

The cotton industry requests $2,500,000 for pink bollworm programs to:
- Prevent introduction and establishment in San Joaquin Valley,
- Conduct survey and quarantine programs to maintain non-infested areas,
- Conduct the second year of a three-year area wide management pilot trial on up to 20,000 acres in Southern California using combination of biorational methods (cultural practices, sterile moth release, and pheromone mating disruption), and
- Conduct assessment of risks of establishment of pink bollworm in certain regions in the southeast.

	($ 000's)		
	FY93	FY94	FY95
Facility Equipment/Moving Exp.	1,500	328	-
Wide area management Trial	0	512	950
Facility and SJV Operations	650	650	650
Survey/Quarantine/Other Regions	800	800	800
Risk assessment-Southeast/Mid-South	-	-	100
TOTALS	2,950	2,290	2,500

III. Sweetpotato Whitefly (SPW)

A. Background on Request:

A new type of whitefly first discovered in 1986 has become established in greenhouse crops across the U.S. and field crops from Georgia to California as well as Hawaii. In response to the menacing threat to agriculture, a coordinated effort was developed by USDA agencies, university research and extension specialists, private industry, and commodity groups, to identify the nature of the problems and establish a **Five-Year Research and Action Plan for SPW**. The plan, completed in 1992 and updated annually, serves to coordinate programs of the various agencies and promotes priority setting, communication, efficient use of resources, and exchange of information. Progress is reviewed annually, the second annual review drew 185 cooperators and other interested persons.

B. FY95 Funding Request:

To effectively implement the critically needed research and action programs outlined in the five-year plan, ARS and CSRS are seeking increased funding for SPW in FY95. USDA, APHIS conducts programs to develop biological controls, rear and release promising candidates and evaluate their performance in the field. Areawide programs with grower participants are conducted to encourage efficient control of whitefly and integrate biological controls into production systems.

The **USDA SPW Research, Education and Implementation Coordinating Group** (with representatives from ARS, CSRS, APHIS, SAES and CES) have summarized federal and state needs for whitefly work in FY95. Since this group is charged with providing coordination for USDA interagency activities, we support their request for FY95 funding for whitefly. However, we request $750,000 in additional support for USDA APHIS to continue for work underway in Imperial Valley of California and Arizona.

	(000's)	
Agency	FY94 Estimates	FY95 Requests
ARS	$ 3,906	$ 5,906
APHIS	3,514	*1,250
CES	160	160
TOTAL	**$ 7,583**	**$ 7,316**

*Includes $500,000 **redirected** funds from APHIS Biological Control Operations and Methods Development (recommended by USDA Whitefly Coordinating Group) and the cotton industry requests an **additional $750,000 in new funds** to continue APHIS cooperative programs on areawide management of whitefly and integration of biological controls into management tactics in Western Region. In addition to above requests, CSRS Formula and State Funding was supported at $5.606 million in FY94 and we request $6,606 million in FY95. Of this amount in 1994, **$311,000** in formula funds and **$378,000** in competitive grant funds supported whitefly programs. We support this as a source of whitefly funding for states.

IV. Germplasm Enhancement

A. Background on Request:

The United States cotton germplasm collection is maintained at the ARS Southern Crops Research Laboratory (SCRL) in College Station, Texas. The ARS has developed a long-range comprehensive plan for revitalizing the germplasm enhancement program at College Station, Texas. While we support the overall ARS plan, the most urgent need is for support of the germplasm enhancement and evaluation program for winter increases.

Winter nurseries accelerate the efficiency and effectively double the rate of germplasm enhancement which eventually supports varietal development. Since 1950, winter increase services have been a cooperative effort of federal, state and private researchers and in more recent years have been supported in part by user fees assessed individual state, federal and private researchers. However, the number of cotton breeders and researchers in the United States are less than half the number a decade ago, they no longer form a critical mass to fully underwrite costs of nursery operations. A further loss of support will cause winter nursery operations to cease, dramatically limiting support for enhancing germplasm collections and resulting breeding advances. We are requesting $100,000 to provide baseline support of nursery operations. Except for special services and in-kind management support, the ARS has not maintained a line item budget for nursery operation support.

In that regard, we are asking for an increase of $100,000 for the Southern Crops Research Laboratory in College Station, Texas.

V. Value Added/Quality Research

The competitiveness of agriculture depends not only on efficient production, but value added processes as well. Unfortunately, ARS labs have been forced to sharply reduce support staff, equipment purchases, and scientist positions due to rising costs and shrinking budgets.

To address the most critical research needs in cotton textile processing, experts for industry, universities, and ARS have identified high priority research targets and ARS has refocused limited budgets.

The industry requests that at least $250,000 be made available to ARS to be allocated to laboratories in New Orleans, LA and Clemson, SC. Funds are being used to accelerate fundamental research to accomplish the following: (1) measure and develop process to use "sticky" cotton created by honey dew (whitefly), (2) improve durability, resistance to abrasion, strength and color-fashions of cotton products, (3) identify and develop measurements for more adequately evaluate spinning utility of fiber, and (4) determine measurements and process to eliminate dye defects.

VI. Export Market Development Programs (MPP/FMD)

The cotton industry has consistently employed a long term export market development strategy. Cotton Council International is a participant in the Market Promotion Program (MPP) and Foreign Market Development Program (FMD). Funding for MPP, which has been systematically reduced from the original authorized level of $200 million, should not be subject to further cuts. Activities carried-out under MPP have been responsible for increased export sales of raw cotton and cotton products. The cotton industry also utilizes FMD and GSM programs to stimulate export sales. The industry strongly supports adequate funding for FAS personnel who carry-out important functions at headquarters and abroad. The cotton industry urges $100 million be made available for MPP and $5.5 be made available for GSM loan guarantees and $200 million for emerging democracies. We urge rejection of the proposal to cut funding for FMD by $10 million.

VII. Cottonseed Oil Assistance Program (COAP)

The Administration's FY95 budget proposes eliminating funding for the Cottonseed and Sunflower Oil Assistance Programs (COAP/SOAP). It is understood that the rationale is that COAP/SOAP sales could be shifted to the Export Enhancement Program (EEP). However, assuming the criteria for targeting countries under EEP remain the same, there would be a limit to the sales that would be shifted from COAP/SOAP to EEP because the criteria for targeting COAP/SOAP are much broader than EEP and sales are not subject to interagency approval. There are several Latin American markets, for example, which would be difficult, if not impossible, to target under EEP. Other countries, like Egypt, which are large vegetable oil markets, would be difficult to approve under the interagency process because of concerns about non-subsidizes. Additionally, the COAP/SOAP authorizing legislation mandates that oils be made competitive against all major exports of similar oils, including South American and the EU. EEP sales may only be priced against EU vegetable oils, which due to seasonal factors sometimes sell at prices above those of South America. Since the EU produces little sun and cottonseed oil, it would be difficult to make these oils competitively priced using current price review procedures for EEP. The cottonseed products industry estimates that the difference in market value of cottonseed oil, with and without COAP, would equate to about $9-13 per ton of cottonseed at the farm gate. With annual production of 6.3 million tons, this translates to increased farm income of about $50 million plus the employment and other economic benefits of moving value-added product in the export market. In recognition of the success of COAP/SOAP in helping U.S. exports remain competitive thereby increasing employment and farm income and further acknowledging the impracticability of using EEP to accomplish the same objectives, the cotton industry urges the Appropriations Committees to reject the proposal to eliminate COAP/SOAP programs as part of the FY95 appropriations process.

The National Cotton Council appreciates the opportunity to provide these comments concerning FY95 appropriations.

BLACKBIRD DEPREDATION

WITNESS

VANCE NEUBERGER, FIRST VICE PRESIDENT OF THE NATIONAL SUNFLOWER ASSOCIATION

Mr. DURBIN. Mr. Duane Shay of the National Sunflower Association.

Mr. NEUBERGER. Mr. Chairman, Mr. Skeen, in the interest of time I'll skip through parts of my written testimony.

My name is Vance Neuberger. I'm First Vice President of the National Sunflower Association. I'm a member of the National Animal Damage Control Advisory Committee, but more importantly, I am a producer of corn, sunflower and wheat from Northeast South Dakota.

My farm lies in what is known as the prairie pothole region which extends throughout the Dakotas and Minnesota. I want to visit with you about my most severe production problem, that being blackbird depredation.

The problem extends throughout much of the entire United States affecting crops such as corn, sunflowers, rice and blueberries. USDA APHIS ADC estimates that the annual crop damage from blackbirds is $150 million.

In addition to agricultural loses, histoplasmosis, a human respiratory disease, is often associated with roosting blackbird.

I can best describe the central fly-away which covers many of the Gulf states and the upper Midwestern states including the Canadian prairie provinces. Damage to sunflowers and corn occurs during the fall migration in the northern states.

The APHIS ADC estimates that 25 million blackbirds migrate through our region. It is not uncommon to have upwards of 100,000 and more blackbirds in one flock.

In controlling damage, I budget up to $10 per acre, per sunflower acre for blackbird control. This represents 20 percent of my production costs. Without this control effort, I can easily lose 50 percent of my crop.

I budget for a $200 gross return on my sunflowers.

U.S.D.A. APHIS ADC is a federal agency responsible for implementing programs to minimize damage. Historically ADC was established to counter the problems of coyotes and beaver.

In many areas of the country, this is still a primary ADC agenda. I am not aware of the coyote damage numbers nationally, but I am certain that it does not exceed that of blackbirds.

Operationally ADC provides fixed wing airplanes to haze blackbirds out of a sunflower field during the peak migration period. The problem with this approach is that the birds are simply pushed to another area, or another producer.

Each hazing airplane is responsible for a large geographic area which is a further limiting factor. ADC researchers found that eliminating cattails and wetlands can be a useful tool to limit damage in sunflowers.

The blackbirds use the cattails for roosting and protection from predators in the fall. The limiting factor here is funding.

It costs approximately $80 per acre, and there are literally thousands of acres of cattail-choked wetlands. An area that holds promise is an avicide BRC 1339 developed by ADC's Denver wildlife research center. This avicide has been used in limited applications in rice production areas and feedlots. It is nearly species-specific, and very safe. It is used only by ADC personnel.

Partial population control is desirable from our point of view. Let me assure the committee that it is not the intention of the affected groups to obliterate the species. We know that that is not possible, nor is it desirable.

It is important that new methods of control be researched because the population is so large the NSA and other affected groups endorse research projects designed to limit blackbird populations. That includes research on chemi-sterilants.

We recognize that these are long-term projects that may require at least ten years of research and testing before implementation. That is a long time considering then the damages that are incurred.

The various groups affected by blackbirds have been working with ADC's WRC center to develop a research game plan that we will look at this problem on a national basis. We hope to come back to this committee at a later time to provide a report, and likely ask for additional research funds.

In conclusion, I would like to say that several thousand blackbirds feeding on a producer's field can create a lot of emotional turmoil. Unfortunately there is not a single simple solution. My efforts to limit damage on my farm include a combination of as many as six control measures, most of which are implemented by me, and some by ADC.

I do not expect a magic wand will change that in the future. I am most enthusiastic about the use of the avicide 1339 to reduce populations to a small extent.

At this time, I only ask that this committee and Congress lend a sympathetic ear, and maintain existing ADC programs. We are interested in equity with other animal crop losses in terms of budget share for ADC operations and research.

With that, I would like to thank you for the opportunity to share this information with the committee.

Mr. DURBIN. Mr. Neuberger, thanks for your testimony. It's good to see you again.

Mr. NEUBERGER. Nice to see you, sir.

Mr. DURBIN. We've had a chance to discuss this informally and you impressed me with the problem that you have, and it's one that is shared by farmers in your region, and also in my region, to some extent.

Mr. NEUBERGER. It is very much a nationwide problem.

Mr. DURBIN. Well, I think you're on the right track here, that we should be encouraging animal damage control to extend beyond some of the traditional categories, and this is certainly one that deserves our attention.

I thank you for joining us. I know you've come a long way.

Mr. NEUBERGER. Thank you.

Mr. DURBIN. Mr. Skeen?

Mr. SKEEN. I too share your concerns. This business of the science of depredation is a very technical one, and one of longstanding.

I noticed ABC had a program the other day on the Sandhill crane on the La Platte River, and the Secretary of Interior said there was only 50 miles of the Platte River that is open for Sandhill cranes. However he didn't mention the huge fly-away extends clear to the west on the Rio Grande and the Pecos and many rivers in Oklahoma and Texas.

Anyway, we've come up with some new innovations about feeding them by encouraging farmers to grow a crop for the birds, and compensate them. Now what we would like to do is get the wildlife enthusiasts and the environmentalists that are sincerely interested to help put the money up and buy the crop.

They can feed the birds over there, and you can keep the farmer happy because he didn't have to harvest the crop. We've got a recycling situation going on. [Laughter]

I'm sure that's too wild for imagination. Thank you very much.

Mr. NEUBERGER. Thank you for your time.

Mr. DURBIN. Mr. Skeen always has a plan. Thank you, Mr. Neuberger.

[The statement follows:]

National Sunflower ASSOCIATION

4023 State Street
Bismarck, ND 58501-0690 USA
Phone: 701 221 5100
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My name is Vance Neuberger. I am a wheat, corn and sunflower producer in NE South Dakota. My farm lies in what is known at the 'prairie pothole' region which extends throughout the Dakotas and Minnesota. I want to visit with you about my most severe production problem, that being blackbird depredation.

The problem is not exclusive to just my farm, but extends throughout much of the entire United States affecting crops such as corn, sunflower, rice, and blueberries. USDA/APHIS/ADC estimates annual crop damage of $150 million from blackbirds. According to the agency, blackbirds are the most frequently reported wildlife that cause damage throughout this country. Additionally, blackbirds cause damage and loss to livestock feedlots and structures and affect aviation safety. In fall and winter, blackbirds congregate in large roosts where they cause health, aesthetic and nuisance problems, in addition to agricultural losses. Histoplasmosis, a human respiratory disease, is often associated with roosting blackbirds.

The species that are traditionally labeled as blackbirds include redwing blackbirds, European starlings, grackles, brown-headed cowbirds, brewer's blackbirds, and yellow-headed blackbirds.

THE BLACKBIRD MIGRATION PATTERN

There are a number of flyways or migratory blackbird routes in the U.S. I can best describe the central flyway which covers many of the Gulf states and the Upper Midwestern states including the Canadian Prairie Provinces. The various blackbird species over-winter in the States of Louisiana, Arkansas, Texas, Mississippi etc. They establish large roosts of several million birds in areas with trees and accessible to water and a sources of food. It is not uncommon, I am told, for these roosts to choose a city park creating quite a nuisance as well as a health hazard. These birds tend to feed in livestock feed lots and sprouting rice in the early spring. By late March and April these birds begin a northern migration. The males come first followed by the females several weeks later. They come in large flocks as far north as South Dakota and Minnesota before dispersing throughout the northern plains wetland areas. Here they establish nests to raise young. By August they begin to regroup in large flocks to return to the over-wintering regions.

Damage to sunflower and corn occur during the fall migration in the northern states. APHIS-ADC estimates that 25 million blackbirds migrate through our region. It is not uncommon to have upwards of 100,000 and more blackbirds in a flock. The high fat content of sunflower is an ideal food source as the birds prepare for the long trek south. They utilize cattail choked wetlands for resting between feeding.

The flocks continue their southern migration feeding on corn, sorghum and eventually maturing rice. They then start the process over again in large over-wintering flocks.

CONTROLLING DAMAGE

The efforts to control damage to sunflower and other crops is primitive to say the least. In my own farm I use a combination of noise making devices from boomers to bird distress calls. There are pyrotechnic devices that generally will get the birds into the air which I follow with a high powered rifle to keep them moving out of the field. These devices are expensive and the process is very time consuming. I budget up to $10 per sunflower acre for blackbird control. This represents 20 percent of my production costs. Without my control effort, I can easily lose 50 percent of my crop. I budget for a $200 gross return in my sunflower.

In conversations with rice and blueberry growers, I find that their losses and frustrations are not unlike mine and other sunflower and corn producers in the Dakotas and Minnesota.

FEDERAL ASSISTANCE

USDA's APHIS-ADC (Animal Damage Control) is the federal agency responsible for implementing programs to minimize damage. I do want to point out that the National Sunflower Association was very active in transferring this program from Interior to USDA about 10 years ago. ADC has an operations and research arm.

Historically, ADC was established to counter the problems of coyotes and beaver. In many areas of the country this is still the primary ADC agenda. Most operational/research dollars for blackbirds have been 'ear-marked' over the last 10 years.

Operationally, the ADC provides fixed wing airplanes to haze blackbirds out of sunflower fields during the peak migration. The problem with this approach is that the birds are simply pushed to another area or field. Each hazing plane is responsible for a large geographic region which is a further limiting factor.

ADC research has found that eliminating cattails in wetlands can be tool to limit damage in sunflower. The blackbirds use the cattails for nesting, roosting and protection from predators in the throughout the season. Several herbicides can be used successfully for aquatic use. The limiting factor here is funds. It costs about $80 per acre and there are literally thousands of acres of cattail choked wetlands. An important benefit is that these

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I do not expect a magic wand will be available to provide one simple means of control in the future. I am most enthusiastic about the use of the avicide 1339 to reduce populations to a small extent. That will help me and other growers the most while research programs look for other avenues of control.

At this time I only ask that this Committee and Congress lend a sympathetic ear. Maintaining existing ADC programs is necessary. We are interested in equity with other animal-crop losses in terms of budget share for in ADC operations and research.

Thank you for the opportunity to share this with the Committee.

RC&D PROGRAM

WITNESS

MARY J. SECCOMBE, PRESIDENT, NATIONAL ASSOCIATION OF RESOURCE CONSERVATION AND DEVELOPMENT COUNCILS

Mr. DURBIN. Mary Seccombe with the National Association of RC&D Councils who has also waited a long time. Thank you for your patience.

Ms. SECCOMBE. Mr. Chairman, Mr. Skeen, I'm the president of the National Association of Resource Conservation Development Councils representing 275 RC&D areas across the nation.

Jeanette Jamieson was supposed to be here with me today. She's from Georgia, but she was not able to be here because of illness in her family.

I'm here today to testify on behalf of the RC&D program for it is our belief that it represents one of the best chances for helping rural America prove its standing and self-worth. I'm sure that many of you all know about the RC&D program. Every state in the nation has got RC&D areas, and it's a very dynamic, broad-based program that empowers local people to address their own problems at the grassroots level.

It's a community-led, issue-oriented program with approximately 16,000 highly motivated volunteers.

I'm going to try to stress a few things that I want to bring to your attention today.

It has been configured that we have 450 RC&D areas to provide coverage over the entire nation. At present we have 275 RC&D areas, leaving 155 yet to be approved. We have 36 applications on-hand, and 119 applications are anticipated.

Advocations for new RC&D areas are being received regularly, and we expect more before October 1st, the deadline for submission of new RC&D applications for next year.

With the assistance of a coordinator, these people have a sense of pride and a desire to help themselves. We have numerous projects across the nation, and some of them are reducing erosion and sedimentation, installing dry fire hydrants, creating jobs utilizing the areas natural resources, conserving irrigation water, creating wetlands and installing timber bridges, providing assistance to entrepreneurs, starting new businesses, encouraging tourism, recreation and advocating no-till farming.

These are just a few, because there are hundreds and hundreds of projects going on out there.

The RC&D program is listed in the President's budget to receive $26.102 million. Last year, or this year our program received $32.9 million, and just recently, we named 25 new RC&D areas which brings us up to that 275.

The President's budget calls for a $7 million reduction from what we have this year, and yet we have 25 new RC&D areas more, 25 more than we had last year, and that's going to result in a $29,000 loss for each RC&D area. That will be very devastating to say the least.

For every federal dollar that we have, this program brings in $74. We earn that much out there with the dollars that we are given by getting grants and providing other monies and things like that, and employing people so that we are bringing in many extra dollars for each dollar that we do have.

I'm here today to request that we get an additional $5 million over and above the appropriation we received last year which would give us a total $38 million for this program.

This would allow us to continue the funding for the 275 approved areas, and give us funds to name additional RC&D for the next fiscal year. We cannot continue to name new RC&D areas without an increase in the appropriation for this program.

Most states still have areas that want to become authorized RC&Ds, and most congressional people still have areas in their states that are either waiting for approval, or will be submitting applications for approval at a later date.

This will cut back on the number of projects that can be funded, and in some cases, it may be very difficult to have enough money to pay the coordinator's salaries.

The coordinator, to say the least, is a very important and integral part of the RC&D program. Therefore we are requesting that you not only restore our appropriation to last year's level, but also increase our appropriation by an additional $5 million for fiscal year 1995.

These additional funds will permit funding of additional new areas and restore some money for projects. We have made great strides with this program over the last few years, and we would hate to see it falter, and the momentum come to a standstill, and that's what will happen with the appropriation as it is in the President's budget.

The National Association of RC&D Councils plus all of the councils nationwide appreciate the support this committee has given our program in the past, and I hope that your support will continue.

I urge you to carefully consider what I have said here today, and that you will grant our request.

On behalf of the National Association of RC&D Councils and councils nationwide, including our 16,000 volunteers, I appreciate the opportunity that you have given me here today to present this testimony, and if there are any questions, I would be glad to answer them.

Thank you.

Mr. DURBIN. Ms. Seccombe, I don't have any questions, but I appreciate your testifying and I can tell you as one member of this subcommittee, I believe in the work that you are doing, and I hope that we can find, with our very limited resources, enough to keep up this fine work. It has been a great success in my home area.

I want to let you know that we know up here at this end of the table too.

Ms. SECCOMBE. Thank you.

Mr. DURBIN. Mr. Skeen?

Mr. SKEEN. I share the enthusiasm for what you do and also appreciate the contribution that you make because I'm sure it takes a lot of your time and a lot of effort, and we appreciate it.

Our problem is the money end of it, and we will do the best we can.

Ms. SECCOMBE. Okay, we appreciate that. Thank you.

Mr. DURBIN. Thank you.

[The statement follows:]

TESTIMONY
OF
MARY J. SECCOMBE, PRESIDENT AND JEANETTE JAMIESON, FIRST VICE PRESIDENT
NATIONAL ASSOCIATION OF RESOURCE CONSERVATION & DEVELOPMENT COUNCILS
BEFORE THE
SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION AND RELATED AGENCIES

April 12, 1994

Mr. Chairman, Members of the Committee, my name is Mary Seccombe. I am President of the National Association of Resource Conservation and Development Councils, representing 275 RC&D Areas across the nation. Jeanette Jamieson, the First Vice President of our organization, is appearing with me as a co-witness for this program.

We are here today to testify on behalf of the RC&D Program, for it is our belief that it represents one of the best chances for helping rural America improve its standing and self-worth.

The RC&D Program is a very dynamic, broad-based program that empowers local people to address their own problems at the grassroots level. It is a community-led, issue-oriented program, with approximately 16,000 highly motivated volunteers. They develop their own plans and address problems that are important to their particular areas in order to improve conditions for their fellow citizens and to provide more jobs for them. It has been configured that it would take 450 RC&D Areas to provide RC&D coverage across the country. At present we have 275 RC&D Areas, leaving 155 Areas yet to be approved. We have 36 applications on hand and 119 applications are anticipated. Applications for new RC&D Areas are being received regularly and we expect more before October 1st, the deadline for submission of new RC&D Areas for next year. With the assistance of a coordinator, paid for by the Soil Conservation Service, these people have a sense of pride and a desire to help themselves. This is the reason for the popularity of this program - a program that allows people to help themselves.

Typical projects in RC&D Areas consist of reducing erosion and sedimentation through conservation practices, installing dry fire hydrants to provide for protection and lower insurance premiums, creating jobs utilizing the area's natural resources, conserving irrigation water through better management practices, creating wetlands to improve water quality, installing timber bridges, providing assistance to entreupeneurs starting a business, encouraging tourism and recreation, and advocating "no-till" farming. These are just a few - there are hundreds of other projects all over the country. Never has so much been accomplished for so few federal dollars. For every federal dollar appropriated to this program, $74.00 are realized.

The RC&D Program is listed to receive $26.12 million in President Clinton's budget. This year our program received $32.9 million. Because twenty-five (25) new RC&D Areas were approved in 19 states, and the President's budget calls for a $7 million reduction, this will result in a $29,000 loss for each RC&D Area, which will be devastating, to say the least.

We are here today to request an additional $5 million over and above the appropriation received last year, giving us a total of $38 million for the program. This would allow us to continue the funding for the 275 approved areas and give us funds to name additional RC&D Areas for the next fiscal year. We cannot continue to name new RC&D Areas without an increase in the appropriation for this program. Most states still have areas that want to become authorized RC&D Areas, so most congressional people have areas in their states that are either waiting for approval or will be submitting applications for approval at a later date. This will cut back on the number of projects that can be funded and, in some cases, it may be difficult to have enough money to pay the coordinator's salary.

Therefore, we are requesting you not only restore our appropriation to last year's level, but also increase our appropriation by an additional $5 million for fiscal year 1995. These additional funds will permit funding of additional new areas and restore some money for projects.

The National Association of RC&D Councils, plus all of the councils nationwide, appreciate the support this committee has given our program in the past and we hope the support will continue. We urge you to carefully consider what we have said here today and that you will grant our request.

On behalf of the National Association of RC&D Councils and Councils nationwide, including our 16,000 volunteers, we appreciate the opportunity to present testimony before this committee today. Thank you.

THE EMERGENCY FOOD ASSISTANCE PROGRAM

WITNESS

EMILY KATZ, REPRESENTATIVE OF CALIFORNIA EMERGENCY FOODLINK

Mr. DURBIN. Ms. Emily Katz with the California Emergency Foodlink. Welcome and thanks for your patience. I hope you haven't waited too long.

Ms. KATZ. I hope I didn't scare everyone out of the room. [Laughter.]

Mr. DURBIN. No, no, no.

Mr. SKEEN. You didn't.

Ms. KATZ. There is nothing scary about this program anyway. I am here and I am representing California Emergency Foodlink and all of the TEFAP distribution agencies in California, and there are distribution sites in every county, much like in other parts of the country.

I'm going to really briefly summarize my testimony. I really appreciate your patience also, and I hope that you will ask me any questions because I'm going to leave some stuff out.

First of all, I want to address some of the issues that have been raised concerning the program. One of them is the fact that it was started as a temporary program. This committee later on changed the name to the emergency food assistant program replace temporary food assistance program, I think recognizing the need that this program was filling, and the number of people that were progressively getting hungrier and increasing in their numbers every year, and the ability to this program to meet their needs by leveraging gigantic amounts of volunteer resources, and donated resources through the base staple amount that is allocated in commodities.

Hunger is real and it is increasing, and I believe you have the report by the Second Harvest group which documents the increases in hunger over the last decade, and I believe makes a case for continuing supply of food to the people that are progressively getting hungrier in greater numbers in our country.

I know there was a concern about who this program feeds considering that it was established as a temporary program, and I want to assure you that it is distributed according to a criteria of income, and that only people who are just at, or just above the federally established income guidelines for poverty are eligible to receive this food.

They are targeted to receive the food. The distribution sites are set up to be accessible to them. The volunteers who service them are many times themselves from that very community that is being served for a lot of elderly people who, for various reasons, consider food stamps welfare, but when they are handed a bag of commodities from somebody they recognize, from their church, from their community, from their senior complex, do not see a stigma attached, and it does sustain their ability to stay as independent in their homes instead of being driven into institutions which are actually more costly than the small amount of food that is given to them to help them stay independent.

I think there is also morale and a moral issue there too.

With the emphasis on public/private partnerships, this program is a very good example of taking an amount of food and an amount of transportation and distribution money, and having that leveraged against countless volunteer hours all over this country.

I want to give an example. In Kern County, without the program, there is one site that would entirely shut down its food give-away, and another site that would have 50 percent less food to give away at 60 of its pantries.

Nearly 800 volunteers would be lost without TEFAP. They contribute 6,700 hours of labor each month, valued at over $340,000 each year, and it would take 45 full-time year-around employees to replace the labor that they contribute just on the basis of you providing an amount of food to be given out.

With respect to hunger, in Sacramento which is where our agency is located, and where I go out and give out food to people, there are over 60,000 people who rely on TEFAP to make it through the month. It's not an extra for them, it's what they need to keep from going hungry.

They received over 2,700,000 pounds of food last year, and it cost the federal government about $1½ million to provide that. If the people had bought it with their income if they had earned, or with food stamps, it would have cost them nearly $4 million.

So this is a very efficient way. The federal government has a lot better buying power than any individual or group of food banks might have.

Also I want to emphasize that the administrative funding and the food itself that is provided enable us to access a lot of additional resources. At California Emergency Foodlink, with TEFAP support, we operate a program called do-nate, don't dump.

With the approximately 6 million pounds we distributed, we also picked up 7 million pounds of food that was going to be dumped by farmers because they couldn't sell it, and we picked that up and took it all over the state to hungry people.

I want to say that we appreciate your providing the funding to be able to do that, but that that activity cannot be substituted for the commodities that TEFAP provides. We get nectarines, bread, a lot of fruit. That's not going to feed a kid the same way that peanut butter will. It is a good supplement. It's a great addition to their diet, but we really need those staple commodities—the peanut butter, the tuna, the various things that the purchasing program has provided.

There is also an issue of the infrastructure that TEFAP has helped establish in the state, and that infrastructure operates month-in and month-out, getting food out to people. It is also instantly available in the case of a disaster, of which California has had more than its share, but it is also the case in any other state in the union that experiences a disaster. It is immediately available food, with an infrastructure of volunteers who will go out, who don't need to be paid, who don't need to be organized. They are already there and they can distribute the food.

The TEFAP program sent 3.8 million pounds of food within the first month of the disaster in L.A., the most recent one, and it fed 100,000 people who didn't have access to other forms of food, and it kept them in their homes when they would have been displaced, and it prevented further distress and harm to people.

I also understand the concern that you have very tight spending caps, and I do appreciate that, and I appreciate the thought that you've put into funding hunger programs, but funding other hunger programs will not feed the same people that are being fed through the emergency food assistance program.

It is feeding a distinct population that do not necessarily have other means of getting food, and when they do, it is simply not enough for them to make it through the month.

TEFAP is what we call the safety net. It catches people in the last degree before they fall directly into hunger, and there is nowhere else to go. When you get down to TEFAP and when you are standing in line for that bag of food, if it is not there, there is nothing else. They will simply go hungry.

And I also realize that we are asking for more money, while you are expecting to have less money. I know that that amount hasn't come through yet, but even in the face of the President's proposal, and even in the face of our food agencies which are sympathetic to your situation, although it might not appear that way, in the paper I presented, everybody did come together, and they said we know that the funding was decreased last year, and we know that we're going to have less food to hand out this year.

They looked at the amount that this committee had authorized in 1990, and they say if we had that amount of food, we would have less hunger in our state today, and we could distribute that and really prevent hunger, prevent malnutrition. We could put dinner on the table so that when kids get to school, they can concentrate. We can keep elderly people in better health, and they have demanded that I come before you and to request the full amount that this committee authorized, recognizing that you do have strict limitations, but also recognizing that TEFAP is a tremendously effective program in feeding hungry people.

I thank you for your time, and I invite or ask for any questions that you might have.

Mr. DURBIN. Thank you for your testimony and your efforts on behalf of people who need a helping hand. Spending about $120 million this year, the President has requested that we lower that to $40 million. You are requesting that we more than double it to $270 million, so there is some difference of opinion here. [Laughter]

We will do our best to resolve this within the resources that we have. Please tell your committee to reflect on the difference between an authorizing committee and an appropriating committee.

As a previous chairman of this committee once said, the authorizing committees sometimes deal in hallucinations whereas we deal in facts. And the fact and reality is that we just have less dollars to spend, and it is my intention to spend this as wisely as I can, and not to balance the budget on the backs of hungry people, but we will do our very best for you.

Ms. KATZ. I very much appreciate that, and I just wanted to add that any surplus commodities that are generated through the efforts of any of the other people that have spoken before me in terms of vegetables, we will be glad to pick them up and distribute them to hungry people.

Mr. DURBIN. Thank you.

Ms. KATZ. Thank you.

Mr. DURBIN. Mr. Skeen.

Mr. SKEEN. Thank you and I wanted to add my appreciation for the kind of work that you do. We have a very serious problem, as you are well aware. We've got numerous nutritional programs in this country because we don't want anybody to be hungry, and there is no real reason for us not delivering food to people who want to eat in this country because we've got the organizations to do it.

Funding them is our big problem, but we think you do a great job, and we appreciate the work that you do and the presentation that you made. You've done very well with it.

Ms. KATZ. I will take that back. Thanks a lot.

[The statement follows:]

Statement of
California Emergency Foodlink
before the
U. S. House of Representatives
Appropriations Subcommittee
on Rural Development, Agriculture and Related Agencies
April 12, 1994
Emily D. Katz

Mr. Chairman and members of the Appropriations Subcommittee on Rural Development, Agriculture and Related Agencies, I am honored to appear before you today, representing California Emergency Foodlink and The Emergency Food Assistance Program (TEFAP) distribution agencies throughout California. Thank you for this opportunity to present information on the value and necessity of TEFAP to hungry Americans and the agencies that serve them.

California Emergency Foodlink is a non-profit agency distributing TEFAP commodities to 28 Northern California counties and rescuing fresh produce from farmers in California's central valley for distribution to TEFAP agencies throughout the state.

It is the Administration's proposed elimination of food purchasing for this vital program which brings me before you today.

By leaving in $40 million for TEFAP, the Administration has made a committment to TEFAP agencies throughout the country struggling to meet the daily emergencies wraught by hunger. I have come to tell you that the food TEFAP supplies is essential to the program and the people who eat it. Here are six reasons why:

1) TEFAP - the foundation of a volunteer network

TEFAP's funding constitutes a small portion of the federal government's anti-hunger programs. Although it was initiated as a temporary solution to the ongoing problem of hunger, TEFAP rapidly became the foundation of an infrastructure operated largely by volunteers from religious congregations. Over the last decade our methods of food collection and distribution have become more sophisticated. Many of us have computerized, we distribute according to zip codes to avoid duplication. We offer counseling and support services. A great deal of this would end without TEFAP support.

Value added hours

Your provision of transportation, storage and some executive administration is bolstered by countless volunteer hours. In Kern County, for example, where two agencies distribute TEFAP, one would entirely shut down it's food giveaway and the other would give away 50% less food at its 60 pantries. Nearly 800 volunteers would be lost, with their contribution of over 6,700 hours of labor each month worth over $340,000 each year. It would take 45 full time employees to replace them. Many TEFAP volunteers need the food themselves and understand the needs of others. They will not come out each month without TEFAP. It is the foundation that holds this network together.

2) **TEFAP's value is higher than its cost**

The collective buying power of all the emergency food agencies could not match that of the federal government. For recipients, the cost to replace TEFAP would be even higher. In Sacramento, over 60,000 people rely on TEFAP to make it through the month. They received over 2,700,000 pounds of food last year. It cost the federal government about a million and a half dollars ($1,510,667) to buy and distribute the food. If recipients were to buy that food it would cost them nearly four million dollars ($3,776,667).

3) **TEFAP - a nutritional baseline**

Other programs cannot meet the need TEFAP fills. TEFAP commodities include basic protein, carbohydrate and canned goods which cannot be replaced through donations. People use TEFAP because other resources cannot meet their needs and are not immediately available. Demand for services outpaces donations every single year. A recent study by the Second Harvest National Food Bank Network reveals that food banks consistently turn away clients.

4) **Donations no substitute for TEFAP commodities**
California Emergency Foodlink, like many TEFAP distributors in the country, leverages over 7 million pounds of donated produce through it's Donate - Don't Dump program for the approximately 7 million pounds of TEFAP commodities it distributes. *This donated produce, however, is a supplement and cannot serve as a substitute for the protein and canned items TEFAP provides.* The network for distribution of donated food would break down in many rural and urban parts of the country. In at least 12 California counties the programs would shut down. Even donated food would not reach people who desperately need it. TEFAP is a nutritional baseline for people who run out of food.

Food drives are not enough. In Sacramento alone, Raley's supermarket chain, the State Employees, Boy Scouts, Television stations, and Postal Unions collect hundreds of thousands of pounds of food each year. Food is already running out and it's only April. Every month there are people who need emergency food. Their hunger does not end with the closure of the holidays. Even the most generous holiday food drive cannot replace this important federal program.

5) **No alternatives for rural recipients and insufficient urban alternatives**
What will we tell our elderly and needy recipients who drive and walk long distances to line up early in the morning for a bag of diminishing product? In rural Mendocino County nearly 10,000 people will have nowhere else to turn if TEFAP disappears. Small distribution centers in every county would close down.

In these and many other counties there are no soup kitchens. Food costs more. Wages are lower. Jobs are scarce. When a family's resources run out, TEFAP is the only place they can get food. Where other programs such as soup kitchens do exist, their facilities are already strained. They will not be able to meet the needs of former TEFAP clients in addition to their regular caseload.

6) TEFAP is first strike food

During a disaster TEFAP food is instantly available. The most recent earthquake in Los Angeles illustrated this again. Before FEMA and Red Cross are able to set up, TEFAP is bringing in immediate disaster food. Within days our trucks were delivering hundreds of thousands of pounds of badly needed food. By the end of the first month 900,000 pounds of TEFAP and over 250,000 pounds of donations from the TEFAP network had poured into the area. The network that serves disaster victims is the same network that operates all year to feed hungry people. It will break down without TEFAP food as its foundation. Our frontline in disaster would no longer be available.

In Los Angeles, California's largest food bank would have 40% less food to giveaway without TEFAP. For 10 other urban California food banks TEFAP is just 10 to 20% of the food they distribute, yet its loss would be impossible to recover even with administrative funding.

Does TEFAP go to, "the poorest of the poor?"

In California, TEFAP serves 1.4 million people. Each recipient provides income verification of up to 127% of the federally established poverty guideline.

Who are the recipients? Their common denominator is an income so small that they can't get enough to eat. They are working in jobs that don't pay enough to buy food after rent and utilities are paid, they are parents newly laid off - stunned and embarrassed, they are on food stamps and can't make it to the end of the month, they are homeless, moving from under the bridge, to moments of reprieve in a creaky hotel room or crowded shelter and they are elderly and homebound, too proud to receive assistance from other programs or else ineligible.

Can other programs fill the gap if it disappears?

In Trinity, Siskiyou, Humboldt, Mendocino, Inyo and Mono, much like other parts of rural America, huge sectors of the community are too poor to eat every day of the month.

In Trinity the senior who has run the program for years explained that unemployment soars above the national and state average. He said many people were too proud to take what they considered welfare but that a package of food from neighbors was all that kept them from chronic hunger. His agency provides TEFAP commodities to nearly a third of the county's residents.

Is it an effective use of funds boxed in by tight budgetary limitations?

In Siskiyou County a former recipient who now runs the program points out that while we spend billions of dollars on a telescope you can look right outside your window and see hungry people.

In Inyo and Mono Counties a pastor who left his parish to operate the program told me he has each name and address. He drives a 500 mile route dropping off the food each month. He sees the empty cupboards. His clients receive no other aid.

Last stop for hungry people

Given a choice of nutrition programs, eligible recipients choose TEFAP more than any other program, according to a hunger study, conducted by the Expanded Food and Nutrition Education Program of the University of California Cooperative Extension. The study involved surveying 258 food service providers and interviewing over 1,300 people at soup kitchens and food pantries. Generally, about one-third of the study group recipients reported receiving help from government food programs. The most used program was TEFAP. Almost 40% of the clients reported receiving TEFAP commodities. Food Stamps were being used by only 34% of clients despite evidence suggesting that 50% of those not participating were eligible for benefits. The WIC program aided 33% of pregnant and breastfeeding women and 23% of the families with age-eligible children.

Now more than ever TEFAP is needed

TEFAP agencies have developed equitable and efficient methods of getting food to hungry people. By the accounts of most agencies distributing TEFAP, demand has steadily risen over the past decade. They need more help and support in feeding our nation's hungry. From 1988 to 1993 this committee funded TEFAP at $120 million for food purchasing. In 1994 the funding dropped to $80 million for food purchasing. Before you consider another cut to the program I urge you to call the food bank in your district and ask them what will happen to hungry people if there are fewer TEFAP commodities to hand out. What will happen if there are none?

Please understand that food banks are turning away people. Donations are not enough. Nothing has changed since 1990 to indicate that anything less than $220 million would be appropriate. How could you offer the American public less?

Taking away TEFAP will not solve hunger. On behalf of the 1.4 million recipients and the 1,500 small and large volunteer agencies serving them I urge you to fund TEFAP at the level Congress authorized in 1990, $220 million for food purchasing and $50 million for transportation, distribution and administration.

Thank you.

FLORICULTURE RESEARCH

WITNESS

TERRILL NELL, REPRESENTATIVE OF THE SOCIETY OF AMERICAN FLORISTS

Mr. DURBIN. Dr. Terrill Nell. Good to see you.

Mr. NELL. Good to see you. Mr. Chairman, Mr. Skeen, I'm here today testifying on behalf of the Society of American Florists. We once again appreciate the opportunity to appear before you to discuss the role of floriculture and environmental horticulture in U.S. agriculture, and the importance of federal research funding to this industry, and to U.S. citizens.

By way of background, I am the chairman of the environmental horticulture department at the University of Florida in Gainesville. I'm also a member of the Society of American Florists or SAF, and I serve as chairman of the SAF national horticulture research initiative task force.

I have almost 20 years experience in the floriculture industry specializing in education and research. During that period, we have developed programs for extending the longevity of potted flowering plants once they leave the greenhouse, thus allowing consumers to enjoy these plants for longer periods in their homes and offices.

Mr. Chairman, with your permission, I would like to summarize my testimony today. I would ask that my full written statement be included in the record.

The Society of American Florists is the only national trade association representing the interests of the entire floral industry in the U.S. The membership includes more than 23,000 small businesses nationwide including growers, wholesalers, retailers, suppliers, educators, and related state and national and regional organizations.

Floriculture is a very important part of U.S. agriculture. Just to give you an idea of the size, the floriculture and the environmental horticulture industries together represent almost 11 percent of all crop agriculture in this country, and they are the fastest growing segment of U.S. agriculture.

The estimated 1993 farm gate value of floriculture and environmental horticulture crops was $9 million, ahead of all other crops in the U.S. except corn and soybeans.

But as we look at this, less than two hundredths of one percent of federally funded agriculture research dollars are dedicated to the floriculture programs. The low funding level is surprising in view of the fact that floriculture has traditionally been a model—a model for research, a model for innovation which have subsequently been adapted for, and benefitted other areas of agriculture.

Horticulture researchers have developed methods to conserve energy and water, to prevent ground water pollution, to reduce air pollution, and to control insects and diseases chemically and biologically. The methods developed by floriculture researchers are now being used to solve problems in other segments of agriculture.

Floriculture research has other potential benefits including an enhancement in the quality of life. Studies have proven that flowers and plants help hospital patients to make a faster recovery from illness. I might add at this point we have not made a comparison between the use of flowers and brocculi, but that is an opportunity for the future.

Other studies have pointed out the value of plants in cleaning the air of hazardous pollutants which is particularly important in closed building environments. Landscape plants have been identified as filters of UVB, the cancer-inducing region of ultraviolet rays, and as detoxification systems for acid rain.

Before proceeding, I would like to emphasize several points. First, the floriculture industry constitutes 11 percent of U.S. agriculture. Floriculture research has often benefitted all segments of agriculture. Floriculture plants and flowers have benefits for our society by enhancing the quality of life, and providing therapy, exercise and social benefits to a large segment of the U.S. population, and yet floriculture and environmental horticulture receive only .019 percent of federally funded agricultural research dollars.

During the fiscal year 1993 agriculture appropriations process, this subcommittee included specific language in its report urging the Department of Agriculture to give increased attention to the research needs of floriculture and environmental horticulture. We are most grateful for the support that this subcommittee provided.

Despite the subcommittee's suggestion, USDA has not allocated fiscal year 1995 funds to floriculture research. In fact, USDA has not provided the funding that we requested last year for two primary issues as they effect floriculture—sweet potato whitefly and water quality.

Therefore we ask that congress beginning with fiscal year 1996 budget begin to allocate funding for floriculture research directly, and on a regular basis.

In addition, we call to your attention the florists and nursery crops review initiated by the agricultural research service under the direction of Dr. Marc Cathey. The report which was published last September, and which I have copies for the subcommittee, was conducted with the assistance of industry, ARS scientists, and administrators, and university researchers and educators throughout the United States.

The review prioritized the research needs of this industry. SAF urges that congress direct ARS in fiscal year 1996 to propose funding for, and begin full implementation of the programs resulting from this report.

In the interim, during fiscal year 1995, we ask congress to submit a formal inquiry to ARS to learn its plans and timetable for implementation of the review's proposals. In addition, as we look throughout the United States, we have a number of people within the university systems who are capable of addressing a number of the problems outlined in this review.

We ask that congress direct CSRS to use the results of the florists and nursery crops review to determine future CSRS funding priorities.

In summary, floriculture is a major player in U.S. agriculture—economically through its research efforts, and for overall good of our citizens. Clearly this segment of U.S. agriculture is important, and it is becoming more important each year, but our ability to compete effectively in the world marketplace is hampered by the lack of federal research funding. The opportunity for research piloted by our industry which might be of great benefit to agriculture and to human life is being lost.

We are not requesting funding today for specific research projects, although we intend to do so in the future. There are however a few well-defined, USDA programs currently underway that we want to bring to the subcommittee's attention.

I will not review them in detail because they are provided in detail in the written proposal. They include USDA's methyl bromide research, the integrated pest management research, the APHIS quarantine and inspection efforts, sweet potato whitefly research, the IR–4 program, and NAPIAP, both the latter two which will ensure re-registration of minor use pesticides, and USDA's water quality research.

In looking at these programs, we ask that congress assure the research funding within these programs be specifically directed to floriculture researchers so that the areas of floriculture production and handling are included in budget allocations.

Mr. Chairman, this concludes my testimony today. We thank you for giving us the opportunity to take part in today's hearing, and I would be pleased to answer any questions.

Mr. DURBIN. Dr. Nell, we were impressed with the testimony of your society last year, and included language in our bill. As you noted, it appears to have fallen on deaf ears. That saddens this subcommittee. We're going to check on that.

This term environmental horticulture, can you tell me what the two terms floriculture and environmental horticulture include?

Mr. NELL. Yes, I will be happy to. Floriculture includes the production, marketing and sales of flowering potted plants, potted foliage plants, cut foliage, cut flowering plants, cut flowers, and bedding plants.

The area of environmental horticulture also encompasses floriculture, but it also includes landscape plants, urban trees, turf grasses in some broad sense. In the case of my department, we have turf grass included in our department for sports and urban uses.

Mr. DURBIN. So would your society include landscapers?

Mr. NELL. No.

Mr. DURBIN. It would not, even though you refer to turf grass.

Mr. NELL. In the case of the environmental horticulture department at the University of Florida, yes, I have full responsibility for all turf grass within the State of Florida, other than forage grasses.

Mr. DURBIN. All right, thank you.

Mr. NELL. But the Society of American Florists is with the commercial floral industry.

Mr. DURBIN. Okay, thank you very much. Mr. Skeen?

Mr. SKEEN. Thank you, Mr. Chairman. Dr. Nell, that was very interesting, as usual. Let me ask you in addition to that, I know that a lot of state highway departments do some work in restorative vegetation and things of that kind. Do you do any of that work in Florida?

Mr. NELL. Yes, we are.

Mr. SKEEN. Do you?

Mr. NELL. Yes.

Mr. SKEEN. We do it in New Mexico too.

Mr. NELL. The environmental horticulture department of the University of Florida is currently involved in one project dealing with water ways, and the grasses that grow along those banks, and also highway projects.

Mr. SKEEN. Our problem is just the reverse. We have such low moisture content that we have to have species and varieties that adapt themselves to arid land. They have been most successful, but I want to say too that floriculture, the whole area of expertise and operation and science is one of the biggest cash flows in the agricultural sector, and I'm surprised that we are not paying more attention to it.

Maybe because they think that they are doing very well on their own, and self-sustained in the part of the agricultural picture.

Mr. NELL. Unfortunately they are not.

Mr. SKEEN. I know, as you pointed out quite adequately.

Mr. NELL. And I see a very important part also that the floriculture community provides a direct link between production agriculture and the urban society today with the use of plants in and outdoors which I think is very, very important.

Mr. SKEEN. I agree with you. Thank you, Mr. Chairman. Thank you, Dr. Nell.

[The statement follows:]

SOCIETY OF AMERICAN FLORISTS

STATEMENT BEFORE THE
SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION AND RELATED AGENCIES

COMMITTEE ON APPROPRIATIONS

U.S. HOUSE OF REPRESENTATIVES

Submitted by the

SOCIETY OF AMERICAN FLORISTS

APRIL 12, 1994

American Floral Marketing Council • Florist Information Committee
1601 Duke Street • Alexandria, VA 22314 • (703) 836-8700

Mr. Chairman and Members of the Subcommittee, I am Dr. Terril Nell, testifying today on behalf of the Society of American Florists (SAF). We appreciate the opportunity to appear before you to discuss our industry's role in U.S. agriculture, and the importance of federal research funding to our industry. By way of background, I am the chairman of the department of environmental horticulture at the University of Florida, in Gainesville. I am also a member of SAF, and Chairman of the SAF National Floriculture Research Initiative Task Force. I have almost 20 years' experience in the floriculture industry, specializing in education and research. Specifically, we have developed programs for extending the longevity of potted flowering plants once they leave the greenhouse, thus increasing consumer enjoyment of these plants in homes and offices.

The Society of American Florists is the only national trade association representing the interests of the entire floral industry. The floriculture industry grows, distributes and sells cut flowers, foliage, potted flowering and foliage plants and bedding plants to the American public. Our membership includes more than 23,000 small businesses nationwide: growers, wholesalers, retailers, suppliers, educators, and related organizations.

Floriculture is a very important part of U.S. agriculture. Growers and retailers are usually small businesses, often family-owned. USDA statistics show more than 10,000 growers in the U.S., about 3,000 wholesalers and 36,000 retail florists, spread throughout every Congressional district in the country and employing more than 250,000 people. More than 43,000 acres of greenhouses, shadehouses and open ground are currently under floricultural production in the United States.

Floriculture is the fastest increasing segment of agriculture, growing about 8 percent per year over the past few years. This part of agriculture is very capital-intensive, requiring higher capital investments than any other type of agriculture. It costs at least $175,000 per acre to build a greenhouse, and costs can run to as much as $800,000 per acre. In addition, floriculture is very labor-intensive, requiring as many as 12 workers per acre.

The floral and environmental horticulture industries together -- flowers, plants and nursery stock combined -- represent almost 11 percent of all crop agriculture in this country. The estimated 1993 farm gate value of floriculture and environmental horticulture crops is $9 billion, ahead of all other crops except corn and soybeans. Combined nursery and greenhouse crop production now rank in the top five agricultural commodities in 23 states, and in the top ten commodities in 42 states.

However, our industry's share of federal research dollars is inadequate. Even though our industry constitutes almost 11 percent of U.S. agriculture, less than two hundredths of one percent (0.019%) of federally funded agriculture research dollars are dedicated to research on floral and nursery crops.

As non-program crops, floriculture crops do not benefit from government support programs. Federal crop insurance and disaster payments apply only minimally, if at all, to floriculture crops. Even in the area of research, where floriculture has played a leading role, much of the support has come from within the industry itself. The floriculture industry has invested in itself by donating more than $250,000 to the USDA for a cooperative program to develop new crops. The industry has also given about $600,000 per year in research grants to Land Grant colleges from endowments and foundations within the industry.

An additional $1.5 million is provided annually from private organizations to support ongoing floriculture research programs.

Floriculture has traditionally been a model industry for research and innovation which have subsequently benefitted other areas of agriculture. Floriculture was the first to use automatic irrigation and fertilization, now standard for many agricultural commodities including corn and cotton. Trickle irrigation, derived from greenhouse watering systems, has revolutionized arid climate agriculture. Soil pasteurization to minimize crop loss from diseases was first developed in the greenhouse. Tissue culture propagation, first used on orchid plants in the 1950's, has led to an entire biotechnology industry in crop and livestock agriculture. Floricultural researchers have developed methods to conserve energy and water, prevent nutrient and pesticide groundwater pollution, and reduce air pollution. Their methods are models for all of agriculture.

Flowers and plants are important in yet another way: they enhance our quality of life. Of course, they enhance the aesthetic quality of our environment. Yet beyond that, flowers and plants are proven to have positive psychological and physiological benefits. In one study, patients assigned to hospital rooms with windows facing natural scenes had shorter postoperative hospital stays and took less pain medication than matched patients facing a wall. Other studies have pointed to the positive role of plants in reducing stress. Still other studies have pointed to plants' value in cleaning the air of hazardous pollutants, particularly important in closed building environments. Landscape plants have been identified as filters of UV-B, the cancer-inducing region of ultraviolet rays, and as detoxification systems for acid rain. The diversity of plants involved in floriculture and horticulture continue to provide resources for new uses.

The floriculture industry has taken a leadership role, as well, in addressing environmental concerns. The industry has been at the forefront in developing and implementing non-chemical methods of pest and disease control through Integrated Pest Management (IPM). It has taken an active role in educating its members about groundwater contamination and in addressing concerns about pesticide use.

As you can plainly see, floriculture is a major player in U.S. agriculture: through its contributions to the economy, through its research efforts, and for the overall good of our citizens. Clearly, this segment of U.S. agriculture is important, and is becoming more important every year.

But the ability of our industry to compete effectively in the world marketplace is hampered by the lack of federal research funding. The opportunity for research, piloted by our industry, which might be of inestimable benefit to agriculture in general and indeed, to human life, may be lost forever.

During the FY 1994 Agriculture Appropriations process, this Subcommittee included specific language in its Report urging that the Department of Agriculture give increased attention to the research needs of floriculture and environmental horticulture. We are grateful for this support from the Subcommittee. Your support is recognized by members of our industry. We hope it is equally apparent to Members of the Subcommittee that, without specific Congressional direction, the research needs of floriculture and environmental horticulture will continue to languish.

Despite the Subcommittee's suggestion, USDA has failed to allocate FY 95 funds to our industry's research. In fact, USDA has failed even to provide the funding we requested last year for two primary issues as they affect floriculture: sweet potato whitefly research and water quality research. Therefore, we ask that Congress, beginning with the FY 96 budget, begin to allocate funding to this industry, directly and on a regular basis.

In addition, SAF strongly supports the 1993 Florist and Nursery Crops Review, which the Agricultural Research Service (ARS) initiated under the direction of Dr. Marc Cathey. This formal review assessed and prioritized the research needs of the nursery and floral industries. SAF urges that Congress direct ARS in FY 96 to propose funding for, and begin full implementation of the programs resulting from the Florist and Nursery Crops Review. In the interim, during FY 95, we ask Congress to submit a formal inquiry to ARS to learn its plans and timetable for implementation of the Review's proposals. We also ask that Congress direct the Cooperative State Research Service (CSRS) to use the results of the Florist and Nursery Crops Review to determine future CSRS funding priorities.

We are not requesting funding today for specific research projects, although we intend to do so in the future. There are, however, several well-defined USDA programs currently underway that we want to bring to the Subcommittee's attention. We endorse these programs and encourage their funding. We also ask that Congress assure that specific research funding within these programs be directed to floriculture researchers, so that the areas of floriculture production and handling are included in budget allocations.

Methyl bromide. USDA has targeted, in its proposed budget, ongoing research efforts to develop alternatives to methyl bromide. We strongly support the proposed increase in FY 95 for continuation and strengthening of this research effort. Methyl bromide is a widely used fumigant and a necessary component of many crop management and crop quarantine systems. The Environmental Protection Agency (EPA) has listed methyl bromide as a Class I ozone-depleting substance under the Clean Air Act, and plans to ban its use by January 1, 2001. It is imperative to our industry that effective alternatives to methyl bromide be identified.

Integrated Pest Management (IPM). SAF also supports the funding proposed by USDA in its FY 95 budget for research to develop biological pest controls and to develop and test on a large scale improved integrated pest management strategies.

Agricultural Quarantine Inspection (AQI). APHIS proposes a $127 million budget for AQI activities, largely derived from user fees. SAF supports this increase, if funds generated from user fees are exclusively reserved for the AQI program.

Quarantine 37 (Q-37) Regulations. APHIS is currently reviewing the federal quarantine regulations controlling the importation of floral and nursery plants and related commodities, and is considering allowing importation of additional plants into the U.S. in growing media. APHIS inspection and quarantine resources are already stressed, and may be further limited by this and other demands. SAF urges that APHIS be directed to devote greater resources to inspections to ensure effective pest exclusion.

Sweet Potato Whitefly. We support continued funding for survey and parasite-rearing programs to combat this pest, which has caused severe economic damage throughout not only the floriculture industry, but in other areas of agriculture as well. APHIS, ARS, CSRS, and the Extension Service are midway in a five-year plan designed to provide management strategies for the whitefly. APHIS has been assigned the lead role for the development of biological control strategies in this cooperative effort. Results to date are encouraging, but restoration of the line item to the FY 94 level of $3.5 million is very important to the success of this effort.

Interregional Research Project No. 4 (IR-4). We strongly support the proposed funding level of $10.8 million for this program in FY 95. The continued loss of minor-use pesticides poses a severe economic threat to our industry. These losses are due to the high cost of pesticide registration and re-registration, and are not the result of safety or environmental concerns. The IR-4 project has proven very helpful in addressing minor-use needs of our industry. The need for the IR-4 project will intensify as the 1997 EPA re-registration deadline approaches, and we urge funding for this program at the requested level.

National Pesticide Impact Assessment Program (NAPIAP). SAF also supports continued funding for NAPIAP. Data and information collected by this program are key in our industry's efforts to ensure the reregistration of safe and important minor use pesticides. Our grower members have participated in NAPIAP's survey efforts. Continued availability of minor-use pesticides is of key importance to our industry.

Water Quality Research. SAF supports continued funding for water quality research by USDA. Continued work by USDA on behalf of agriculture in this area is imperative.

Mr. DURBIN. We have several statements for the record that have been submitted to the Committee, which will be inserted at this point

[The statements follow:]

TESTIMONY
JOHN McPHERSON, PRESIDENT
DELTA COUNCIL
APPROPRIATIONS SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION AND RELATED AGENCIES
103rd CONGRESS
TUESDAY, APRIL 12, 1994 AT 4:00 P.M.

Mr. Chairman and members of the committee, my name is John McPherson, a businessman from Sunflower County, Mississippi, serving as President of Delta Council this year. Delta Council is an areawide non-profit organization representing business and agricultural leaders in the eighteen (18) Delta and Part-Delta counties of Northwest Mississippi. We have appeared before your committee many times over the past sixty (60) years to express our appreciation for and report the results of projects in agricultural research and education. The investments which this committee has made in the development of new technology for production agriculture has produced literally millions of dollars of additional economic activity and improved the nutritional value of the american diet throughout every urban and rural area of all fifty (50) states.

Our brief testimony will focus on ARS, CSRS, APHIS, Forest Service, and SCS projects that have been traditionally supported by this committee and represents important initiatives to the future economic outlook of our region of the country.

First, we would like to report that prior commitments by this committee, and subsequently the Congress, have enabled the establishment of the National Warmwater Aquaculture Research Center at the mid-south regional headquarters of ARS. In addition to the federal role supported by this committee, the state and private interests have combined with USDA to form a partnership which has resulted in more than $10 million of ponds, aquaria facilities, and equipment, creating a critical mass of problem-solving research aimed at helping fish farmers. Genetics, water quality, nutrition, diseases, and a wide array of other production issues that confront the future of expansion of the aquaculture industry are being addressed at the National Warmwater Aquaculture Research Center. Since the commercial catfish production operations in the mid-south region represent more than 50% (enclosure 1) of the total value of commercial aquaculture enterprises in the nation, we feel that it is critical that the remaining phases of this center be completed in an orderly and timely fashion. Therefore, **Delta Council is respectfully requesting that the committee favorably consider providing the level of support needed in order to complete construction of the laboratory facility which is absolutely essential to the future challenges facing this expanding U.S. agricultural industry.** Already, this committee has provided approximately 25% of the total funds needed in order to complete this laboratory facility for warmwater aquaculture research and we earnestly submit that we would like for the committee to consider providing **approximately $3.7 million to complete construction during fiscal year 1995.**

Operationally, the committee has given incremental increases to the expansion of research aimed at reducing losses and improving profitability of farmers in the farm-raised catfish industry. **We ask the committee to consider an increase in appropriations which will**

allow for us to continue this orderly expansion of production research at the National Warmwater Aquaculture Research Center to include $1.2 million in operational support.

Catfish Farmers of America, Delta Council, the American Farm Bureau Federation, and the respective state associations representing catfish farmers throughout the Midsouth join together in expressing our deep appreciation to this committee for the support which has been previously given toward the establishment of the National Warmwater Aquaculture Research Center and all of these producer organizations place extremely high priority on the request being made this year which will bring us one step closer to completion of this research initiative.

Under the Congressional provisions for special grants of the Cooperative States Research Service, we would ask that the special problems identified by members of Congress, State, Federal and related agencies be maintained at the same level as the Congress adopted in fiscal year 1994. Special grants relating to aquaculture, rural revitalization, and the curriculum development at Mississippi Valley State University are very important to the people of our region and we ask that the committee continue to give support in these areas.

The Congress directed the Soil Conservation Service-USDA to initiate steps in the FY 1994 appropriations aimed at determining the feasibility of developing alternative water supplies in the Yazoo Basin. This feasibility study will serve as a model for determining the viability of alternative water resources development for agricultural, municipal and industrial use in any typically-agrarian region. Delta Council simply stresses the importance of this resource conservation study and respectfully asks the committee to encourage SCS to maintain funding at current levels so that the timely completion of this important work will occur.

We appreciate the emphasis which this committee has traditionally provided for natural resource developments, research, education, and conservation measures. We have enclosed a summary of other special needs which the committee has provided support in the past. Thank you for the opportunity to provide testimony.

Respectfully submitted,

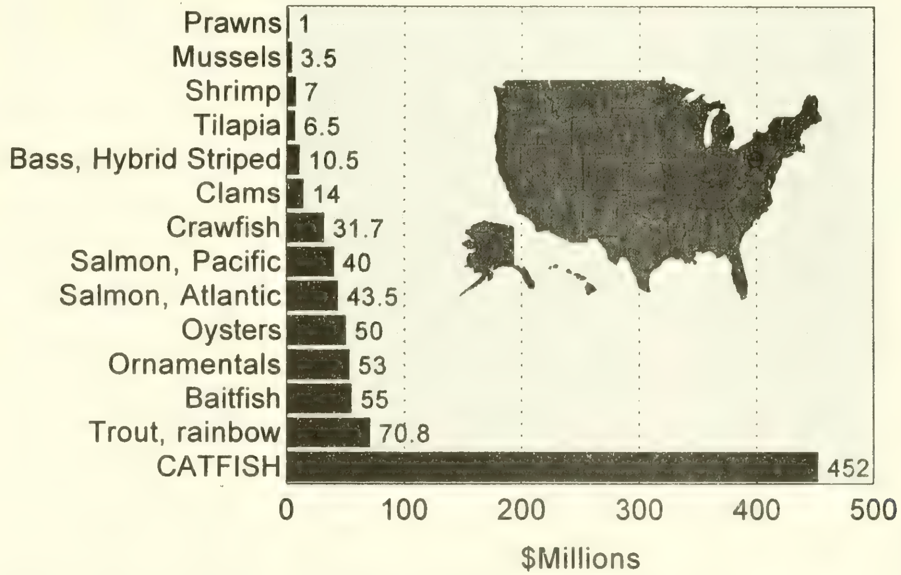
John McPherson, President
Delta Council

DELTA COUNCIL
APPROPRIATIONS PRIORITIES — FY '95

	FY '94	Executive Budget Request	FY '95(request)
AGRICULTURE			
Agriculture Research Service			
Soybean Research	$525K	$525K	$525K
Nat'l Warmwater Aquaculture Center			
Operations	$625K	- 0 -	$1.2M
Construction	$1.75M	- 0-	$3.7M
Water Quality	(language)		(language on p. 27 of Senate report)
Biological Control — Heliothis	$500K	$500K	$500K
Cooperative States Research Service			
Aquaculture — Stoneville	$700K	- 0 -	$700K
Rural Revitalization	$175K	- 0 -	$175K
MVSU	$688K	- 0 -	$688K
APHIS			
Boll Weevil	$455 K		*
Depredation Program — Fish eating birds			(language, p. 48 of Senate report)
Soil Conservation Service			
Delta Study	$800K	$800K	$800K
INTERIOR			
Forest Service Southern Hardwoods Research (Stoneville)	- 0 -	- 0 -	$200K

*Amount being requested is being developed by Mississippi Boll Weevil Management Corporation and is anticipated to be considerably less than the FY '94 appropriation. Information will be forwarded by April 1.

Farm Value of U.S. Aquaculture Production



Estimate provided by the Joint Subcommittee on Aquaculture
Water Farming Journal 7(10)

AMERICAN HORSE PROTECTION ASSOCIATION, INC.
1000 - 29th Street, N.W., Suite T-100, Washington, D.C. 20007
(202) 965-0500

A NATIONAL NON-PROFIT ORGANIZATION
DEDICATED SOLELY TO THE WELFARE OF HORSES,
BOTH WILD AND DOMESTIC

Before the

SUBCOMMITTEE ON AGRICULTURE

of the

HOUSE COMMITTEE ON APPROPRIATIONS

Statement of the American Horse Protection Association, Inc.
Concerning Fiscal Year 1995 Appropriations
For the Animal and Plant Health Inspection Service

April 12, 1994

Before the

SUBCOMMITTEE ON AGRICULTURE

of the

HOUSE COMMITTEE ON APPROPRIATIONS

Statement of the American Horse Protection Association, Inc. Concerning Fiscal Year 1995 Appropriations For the Animal and Plant Health Inspection Service

The American Horse Protection Association, Inc., appreciates this opportunity to offer its views concerning the Fiscal Year 1995 appropriation for the Horse Protection Act program administered by the Animal and Plant Health Inspection Service and its Regulatory Enforcement and Animal Care staff. AHPA is a national nonprofit humane organization dedicated to the welfare of horses. Since the Association's incorporation in 1966, the prevention of abuse to show horses, and in particular Tennessee Walking Horses and similar gaited breeds, has been one of its principal areas of interest and concern.

In Fiscal Year 1994, for the first time in over a decade, there has been an effective increase in the amount of money available for Horse Protection Act enforcement. AHPA is grateful to the Subcommittee and its Chairman for their recognition of the need for additional funding, and for their leadership in working to enact an appropriation of $481,000 as part of the FY 1994 appropriations bill.

The authorized appropriation for the Horse Protection Act program is a maximum of $500,000 annually, which is exceedingly low in absolute terms for a program which is responsible for enforcing the Act at over 500 horse shows and sales per year. Funding for the Act constitutes about 1/10 of 1 percent of APHIS's budget. The authorization was enacted in 1976; time and inflation have reduced it to a wholly inadequate amount.

To enforce the Act effectively APHIS/REAC needs the maximum authorized appropriation. AHPA recommends, therefore, that the FY 1995 appropriation be increased to $500,000, for the reasons set forth below.

Soring of show horses remains a serious problem. There are over 100 individuals currently suspended from showing by APHIS due to violations of the Horse Protection Act, for terms of 8 months to 15 years. But these suspensions do not tell the whole story; they are only the tip of the iceberg.

Due to funding limitations APHIS veterinarians attend fewer than 25% of the Tennessee Walking Horse and Racking Horse shows conducted each year. Only a portion of those are attended by inspection teams which actually examine horses and develop evidence on which alleged violations can be based. Furthermore, APHIS inspection teams write alleged violations for only the clearest, most egregious cases of soring. As a result, a very small percentage of the number of horses that are disqualified from showing actually become the subject of USDA enforcement action. Finally, anecdotal evidence suggests that an even larger number of horses are sored, but escape detection, and that soring it may be spreading to new breeds and disciplines.

Nevertheless, the presence of APHIS/REAC personnel at horse shows makes a big difference in detecting and deterring soring abuses. Enforcement data has demonstrated consistently that when APHIS vets attend horse shows, Designated Qualified Persons (DQPs) (15 U.S.C. §1823(a)), who are appointed by horse show management to inspect horses, do a better job. Disqualification rates at shows that APHIS/REAC attends are regularly twice as high as those inspected by DQPs alone. Anecdotal evidence indicates that many exhibitors opposed to soring are please when APHIS/REAC personnel attend their shows, believing that fewer sore horses will compete. This belief is reinforced by regular reports that some exhibitors will withdraw from shows when they discover that APHIS vets are present.

Throughout the history of the Act, Congress and the Agriculture Department have understood that there is a close relationship between soring and the kinds of "action devices" and shoes that a horse wears, especially if the effects of the devices and shoes are accentuated by making the animal's feet and legs painful through the application of chemical irritants or blistering agents.[1] As a result, enforcement under the Act has focused in part on prohibiting the use of equipment and techniques that reasonably can be expected to sore a horse. APHIS field enforcement at horse shows is intended to detect horses that show evidence of being in pain prior to or after showing.

Field enforcement is especially important because APHIS/REAC relies on it to break the link between chemical soring of the pastern area and the use of action devices. In a rulemaking notice published in 1989 (54 Fed. Reg. 7177) it acknowledged that any action device will cause a horse to suffer pain if it strikes an area that previously has been made sore with irritants. APHIS justified promulgating a rule that permits action devices by contending that pre-show inspections will detect and disqualify those horses that have been sored.

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[1] The most common action device is a chain which is worn bracelet-fashion around the horse's lower front legs, so that it strikes the pastern area as the horse strides. Under current regulations the weight of the chain may not exceed six ounces.

The sophistication of soring techniques now in use and the limitations of current examination methods used to detect them requires a more vigorous APHIS presence at horse shows. In the early 1970s sore horses often had open wounds on their lower front legs; today, visible evidence of soring is usually absent or concealed, and horses are trained, or "stewarded", not to react to pain when their legs are examined.

As a result, an increased APHIS/REAC presence is an essential element of more effective enforcement of the Act. If additional progress to end soring is to be made, it is necessary to bring more horse shows within the scope of direct USDA enforcement, to insure that DQP inspections are thorough and to have as many horses as possible inspected by APHIS/REAC personnel. In addition, pre-and post-show examination techniques must be made more comprehensive and reliable to prevent the use of soring practices that have thus far largely escaped detection. Civil and criminal enforcement actions must be prosecuted more often, more quickly.

In this regard, AHPA wants to call the Committee's attention to an effort within the Walking Horse industry to promote "self-regulation" under the Act. As AHPA understands it, the self-regulation concept would eliminate APHIS inspection teams entirely, and restrict USDA's enforcement role to monitoring DQP performance at horse shows. The industry has been promoting the concept within the Department since mid-1993. AHPA understands that the Agriculture Department strongly opposes the concept, because it would mean an abdication of Agriculture's legal mandate to enforce the Act.

The language of the Act does not allow enforcement to rely predominantly on horse industry efforts, nor does anything in the history of the enforcement of the Act justify such an approach. In fact, excessive USDA deference to industry initiatives is the source of a number of current problems. At least one organized industry program is openly antagonistic to USDA's enforcement activities. The dominant DQP licensing organization, the National Horse Show Commission, collects a mandatory fee of $1 per show exhibitor per day to help support the industry's Show Horse Support Fund, a lobbying and legal defense fund. It is highly unusual and, in AHPA's view, a conflict of interest, for the Commission -- a group which exists to under the auspices of the Act to administer a DQP program so that horse show management can fulfill its responsibilities -- to be the instrument by which the money is collected to fund industry efforts to oppose USDA.

Enforcement experience under the Act has shown that USDA presence at horse shows is the best and most effective way to fight soring abuses. That presence must be increased, not reduced, and an appropriation of $500,000 is necessary to make that possible.

In this regard, AHPA requests that the FY 1995 appropriation not mandate that APHIS use a specified portion of the program funds to purchase thermography equipment. The provision in the FY 1994 conference report directing APHIS to spend $120,000 to acquire thermography equipment is, in AHPA's view, an important and beneficial instruction that will improve APHIS efforts to detect and deter soring abuses. Now that the process has begun, however, APHIS should have a greater degree of flexibility to determine how to apply its appropriation in the most effective manner. The Association believes that it would be a mistake in FY 1995 to require APHIS to spend a pre-determined amount on thermography. Even worse, it would be a grave error to regard the additional $120,000 appropriated in 1994 as a one-time capital expenditure that can be reduced or eliminated in 1995. The benefit of thermographic analysis will only be realized if it is employed at an adequate number of horse shows.

Finally, AHPA again requests that the Subcommittee continue to resist any attempt to reintroduce language from the FY 1993 appropriations bill which directed APHIS to discontinue its practice of relying on digital palpation as the only diagnostic test used to determine whether a horse is sore.

If APHIS is to do the best possible job enforcing the Act, its presence at horse shows -- with or without the thermograph -- must be expanded. For this reason, AHPA requests that the Subcommittee recommend a $500,000 Horse Protection Act program appropriation for Fiscal Year 1995.

STATEMENT SUBMITTED TO THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION AND RELATED AGENCIES ON THE FISCAL YEAR 1995 APPROPRIATIONS FOR THE AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE, SOIL CONSERVATION SERVICE, ANIMAL AND PLANT HEALTH INSPECTION SERVICE, EXTENSION SERVICE AND AGRICULTURAL RESEARCH SERVICE

by R. Max Peterson, Executive Vice President
International Association of Fish and Wildlife Agencies
April 12, 1994

The International Association of Fish and Wildlife Agencies, founded in 1902, is a quasi-governmental organization of public agencies charged with the protection and management of North America's fish and wildlife resources. The Association's governmental members include the fish and wildlife agencies of the states, provinces, and federal governments of the U.S., Canada, and Mexico. All 50 states are members. The Association has been a key organization in promoting sound resource management and strengthening federal, state, and private cooperation in protecting and managing fish and wildlife and their habitats in the public interest. The Association appreciates the opportunity to share our perspectives with you.

Congress has provided funding to encourage conservation stewardship of agricultural lands through many programs, and the Association fully appreciates the role of the agricultural landowners as managers of much of the habitats on which this nation's fish and wildlife resources depend. As a general observation and comment, the Association recognizes that farmers and agricultural landowners need the technical assistance of the natural resource conservation agencies to carry out the farm plans once they are prepared. We urge that the Congress continue to support enhanced funding to assist farmers in implementing the conservation plans which will help meet the objective of both commodity crop production and wise stewardship of our natural resources on agricultural lands.

In these times of fiscal constraint, the Association recognizes and appreciates the modest increases to some of the Agriculture agencies' budgets for natural resources programs. Accordingly, we have made thoughtful deliberations over our recommendations and have been careful to support only prudent and modest increases where it is necessary.

SOIL CONSERVATION SERVICE

The Association offers the following comments with the full knowledge that the Administration has proposed reorganization of the U.S. Department of Agriculture. The final shape of that proposed reorganization is yet undecided pending Congressional and administrative action. The Association supports adoption of the Administration's reorganization proposal as providing the best of the present organizations while adopting new methods of operation that places greater emphasis on conservation and the environment. Reorganization should insure that adequate field office assistance is maintained and productive working partnerships with state and county level are emphasized.

The Soil Conservation Service has immense responsibilities for implementing the conservation provisions of the 1985 Food Security Act (FSA) and the 1990 Food, Agriculture, Conservation and Trade (FACT) Act, such as the technical assistance requirements for the fiscal year 1995 authorized 300,000-acre signup for WRP, and an unspecified acreage for the Emergency WRP. The Association strongly supports the supplemental funding for the EWRP and the request for WRP, as well as an increase of $28.1 million to provide increased technical assistance to meet program goals. The Association commends the Administration for the increase in funding for technical assistance to meet the WRP and EMRP goals. The Association also strongly recommends that funding for technical assistance to implement these EWRP, WRP and CRP programs remain available until program goals are met.

The 1990 FACT Act mandated that State Technical Committees (STC) be created to facilitate interagency cooperation and implement the conservation provisions. USDA's decision not to activate these Committees is clearly inconsistent with the law and omits an opportunity to improve on-the-ground service to the farm community. The Association strongly urges the Congress to declare, by statute, that the STC is either exempt from or in compliance with the Federal Advisory Committee Act, and that the time of agency people who participate in STC activities as a part of their normal coordination activities not be charged to advisory committee functions. Federal-State coordination is an ongoing normal function which is required with or without a formal Technical Committee and the present nonentity status of STC interferes with this required coordination.

The Association realizes that most wetland mapping is being performed on a requested farm-by-farm basis. However, we believe that the need for these maps is much broader and urge SCS to proceed as soon as possible, under the guidance of the 1990 FACT Act. The Association urges the expeditious completion of the wetland determinations required to implement the swampbuster provisions of the 1985 FSA and the 1990 FACT Act and applauds the $15.6 million budgeted and the acquisition of GIS databases, digital orthophotography capability and digitalization of soil survey to accomplish the accelerated wetland delineations. The Association and individual states wish to continue to work with SCS to help achieve these goals.

SCS, through interagency agreement, has assumed responsibility for wetland designation on farmland for Section 404 (Clean Water Act) purposes. The Association is concerned that when these wetland responsibilities are added to the Farm Bill mapping responsibilities, sufficient funding for wetland technical assistance is not available. The Association strongly urges and supports a minimum $5.5 million appropriation increase to cover this projected increase in workload.

The Association recognizes that SCS continues to have an enormous responsibility to develop conservation plans that bring landowners into compliance with provisions of the 1985 and 1990 FACT Act by December 31, 1994 and emergency planning related to the disasters of Midwest flooding and the earthquakes/fires in California. The personnel reductions (1,287 FTEs) proposed in this budget seem to present an impossible task for SCS given the reprogramming of conservation plans delayed by heavy rains in the Midwest. Planning efforts should be carried out at a level to ensure that all conservation plans are implemented by the end of 1994.

The Association reiterates its support for small watershed planning and implementation and the Resource Conservation and Development Projects and is disappointed and concerned with the $150 million decrease in appropriation. The greatest potential for these programs is for land treatment measures that retain the water on the land, improve infiltration, improve water quantity and quality, and provide fish and wildlife habitat. Non-structural land treatment activities require state and local matching funds and are therefore leveraged to provide greater conservation benefits for each federal dollar spent while promoting valuable partnerships among states, local agencies, and other organizations.

The Association applauds the Administration's determination to proceed with ecosystem planning and management. Such efforts could expand upon and utilize former PL566 plans, Urban and Grassland initiatives, Emergency Conservation Programs and similar, presently disjunct, programs. The additional emphasis placed upon targeted consideration for soil, water, animals and plant association (SWAPA) and integration of these resource considerations into goals, objectives and measurable improvements is laudable. Budget consideration should reflect these agency refinements in direction and more formally institutionalize the objectives.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE (ASCS)

The Association offers the following comments with the full knowledge that the Administration has proposed reorganization of the U.S. Department of Agriculture. The final shape of that proposed reorganization is yet undecided pending Congressional discussion and legislative action. The Association supports adoption of the Administration's reorganization proposal as providing the best of the present organizations while adopting new methods of operation that places greater emphasis on conservation and the environment. Reorganization should insure that adequate field office assistance is maintained and productive working partnerships with state and county level organizations are maintained.

An adequately funded budget for the ASCS is essential to implement the conservation provisions of the 1985 Food Security Act (FSA) and the 1990 Food, Agriculture, Conservation and Trade (FACT) Act. ASCS programs have tremendous quantifiable impacts on natural resources, and yield substantial public as well as private benefits.

Agricultural activities have been the leading cause of non-point source pollution and wetland loss and degradation. Building on the provisions of the 1985 FSA and the 1990 FACT Act, the Association wants to ensure that each program accomplishes a still broader range of natural resource objectives related to surface water, wetlands, and fish and wildlife habitat.

We compliment ASCS' efforts to obtain funding to implement the President's wetland and water quality initiatives. The USDA and ASCS commitment to those initiatives is well reflected in the 1995 budget. We recommend that ASCS make every effort to ensure that language used in its easements and agreements provide a firm legal base for administration and are user-friendly.

The Association recognizes ASCS' important role in the Wetlands Reserve Program (WRP) and applauds the decision by the Administration that the program become national in scope, by recommending an FY 1995 funding level of $240.9 million. The proposed staff reductions should not include personnel who will be needed to implement the proposed increased enrollment in WRP. The Association is concerned about the potential inability to provide appropriate and sufficient technical support for this level of funding. The Association recommends that sufficient staff years and funds be provided for administrative assistance to meet expanded WRP goals.

The Association supports the transfer of $20.6 million from the ASCS budget to be placed into the SCS budget for technical assistance on the Agricultural Conservation Program (ACP). The Association also recognizes that Congress will likely restore some level of funding to the ACP program; however, this restoration should not be done at the expense of other, high priority programs, such as the Wetland Reserve Program. The Association also recommends that ASCS at the national level allocate a reasonable and fixed proportion of ACP funds for fish and wildlife practices.

The multi-year set-aside cost-share provisions of the 1990 FACT Act are funded through the Commodity Credit Corporation (CCC). The program provides 25 percent cost-share assistance to landowners for the establishment of perennial cover on set-aside lands under a multi-year contract. While a funding authorization is made by ASCS related to this program, it does not necessarily limit funding through the CCC. The Association recommends continued funding be provided for multi-year set-aside cost-share assistance with specific report language clarifying legislative intent that funds can be used in states where annual cover requirements are not mandated due to summer fallow. The International also recommends that a higher level of cost-share assistance be considered to encourage greater participation in the multi-year set-aside program.

In addition to its conservation programs, ASCS administers a major $6-17 billion commodity program that affects more than 220 million acres of commodity cropland base. This normally includes more than 40 million acres that are idled annually under the Acreage Conservation Reserve. The 1990 FACT requires perennial vegetative cover on 50 percent of ACR lands to reduce soil erosion, help abate flow of agriculture contaminants to groundwater and surface waters, and to provide wildlife habitat. This program should explicitly support the President's water quality initiative. While there is little ACR designated during the 1994 crop year, the Association recommends that the 50 percent cover requirement be implemented and enforced to ensure optimum public benefits from sizable taxpayer expenditures in USDA commodity programs.

The Water Quality Incentives Program could contribute significantly to the President's water quality initiatives. The Association supports the Administration's proposed $15 million budget item for the Water Quality Incentives Program (WQIP). However, we recommend that substantially increased emphasis be placed on the wetland or wildlife habitat options authorized for the WQIP.

Requests for assistance from the Forestry Incentives Program (FIP) outstrip the funds available, reflecting the need for the program. The Association is disappointed that the FY 1995 proposal is a $5.6 million decrease. The sunset clauses for the Forestry Incentive Program are up for review in 1995. The Association recommends that ASCS be prepared to identify the accomplishments of the FIP, so that it may be reauthorized in the 1995 Farm Bill.

The Association urges that a rigorous interagency evaluation of the Water Quality National Demonstration Projects and USDA Non-point Source Hydrologic Units projects be completed as soon as possible so that beneficial techniques can be identified and the results be made available for application.

The Association strongly recommends that in the FY 1995 and future budgets, ASCS continue to review program expenditures and redirect, wherever feasible, funds from short-term to long-term practices.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE (APHIS)

The Administration's budget for the APHIS Animal Damage Control Operations is $23.5, a reduction of $2.66 million. For Methods Development, the proposed amount is $9.35 million, which is a reduction of $329,000. Also, the budget has a line item of $493,000 for Aquaculture which will be used to support an initiative to develop control strategies and methods to address the rapidly growing depredating bird problems associated with this industry.

APHIS is the Federal agency responsible for controlling wildlife damage to agriculture, aquaculture, forest, range and other natural resources; for protecting public health and safety through control of wildlife-borne diseases; and wildlife control at airports. Its control activities are based on the principles of wildlife management and integrated damage management and are carried out cooperatively with State fish and wildlife agencies. Most APHIS operational work is cost shared between the Federal Animal Damage Control (ADC) program, State and county governments, agricultural producers, and other cooperators.

The cooperation and support of the agricultural community is essential to maintaining wildlife populations because much of the Nation's wildlife exist on private, agricultural lands. A progressive animal damage control program which reduces the adverse impact of wildlife populations is necessary to maintain the support of the agrarian community and to counter increasing pressures for indemnity due to wildlife damage.

At the last annual meeting, the International Association passed a resolution commending APHIS/ADC for continued improvement and being sensitive to the changing public values for the Nation's wildlife while remaining responsible to resolving the emerging wildlife problems. The Association still supports the agency changing the name from Animal Damage Control to reflect the positive management direction of the program.

The Association is concerned that APHIS/ADC is still underfunded and understaffed, as it was at the time of transfer from Interior. ADC can be progressive, responsible, and successful only if adequately funded.

Therefore, the Association is concerned about the Administration's FY 1995 proposed budget for ADC's Animal Damage Control operations and Animal control methods development. The Association recommends that Congress consider restoring these programs to the current level and invites attention to the need for new control alternative methods to cope with the increasing number and diversity of wildlife damage problems. Many of the current control tools are becoming less acceptable to the public. The only source of new methods is through research. The Association encourages Congress to commit to the discovery of new alternative approaches to solve these sensitive problems caused by wildlife and provide an increase of $8.5 million for development of alternative methods of control.

Related to this issue, the Association has supported the original appropriation for the move of the Denver Wildlife Research Facilities from the congested Denver Federal Center to the campus of Colorado State University. The first phase is nearing completion, and the Association encourages Congress to complete their commitment to establish a center for wildlife damage research and provide the funds to finish this project.

The Association has become aware of the serious workload burden that the National Environmental Policy Act has placed on the ADC program and its ability to deliver the needed services. Additionally, the Forest Service and the Bureau of Land Management have given the NEPA compliance responsibility for control activities on their lands to APHIS without adequate fiscal resources, therefore requiring even more commitment of APHIS personnel and resources. The Association supports an increase of $1 million to enable the program to meet its compliance requirements and maintain its capability to respond to requests for help from the public.

In summary, the Association recommends that Congress restore the budgets to their current levels of $26,092,000 for Operations and $9,681,000 for Animal Control Methods Development, and further recommends adding $1 million to Operations to cover the burden of complying with NEPA, and investing an additional $8.5 million to develop alternative methods that are acceptable by the public. We further encourage the Congress to complete the commitment for move of the Denver Wildlife Research Center to the Colorado State University campus at Ft. Collins, Colorado.

The Association wishes to recognize the significance of funding the development and implementation of brucellosis management plans for elk and bison in the Greater Yellowstone Area. As the Federal-State-Livestock Industry Greater Yellowstone Interagency Brucellosis Committee refines its plans and identifies specific budget needs, it will be important to fund these to protect and sustain the existing free-ranging elk and bison populations in the area, and protect the public interests and economic viability of the livestock industry in the three states.

EXTENSION SERVICE -- U.S. DEPARTMENT OF AGRICULTURE

The Association recognizes that programs of the Cooperative Extension System (CES) result in benefits to individuals and to the Nation through building a more viable natural resource base and a competitive and profitable agriculture. Since over two-thirds of our lands are controlled by private landowners and managers it is most appropriate that the CES, with its grassroots credibility and delivery system, be adequately funded to help the Nation's private landowners and managers use new technologies to move towards a more sustainable society.

The President's budget requests continued level funding for Smith-Lever 3(b&c) funds to $271.5 million for FY 95, and provides for a total of $432.4 million, including 3d items, which is a $2.14 million decrease from the FY 94 appropriation. The Association appreciates the Administration's efforts to continue level funding for Smith-Lever base and targeted programs. However, we recommend a 4.0 percent increase for Extension, i.e., we recommend that Smith-Lever 3(b&c) funds be raised to $282,419,000, provided that: not less than 35 percent of this increase be applied to environmental stewardship education programs as part of Extension's Natural Resources and Environmental Management (NREM) Education programs. This will enable programs to cope with inflation and to retain the capability to redirect limited funding to address critical emerging issues.

We support expanding Extension programs in natural resource public policy on such critical issues as wetlands and endangered species, as well as to strengthen its programs in urban and community forestry and environmental education as called for in the 1990 FACT Act. We are concerned that the Administration is not requesting an increase for Water Quality in 1995, and that the Extension budget for Federal Administration and Coordination is inadequate to support appropriate funding for new and innovative programs and expanding partnerships. We trust there will be no reduction of the Extension function and commitment from the Department for coordination of State Extension educational programs across the Nation.

The Association supports the CES in Environmental Stewardship education and NREM programs and encourages continuation of close cooperation between State CES's and their State Fish and Wildlife agencies, as well as other appropriate State and Federal agencies and conservation groups. Extension 4-H Youth natural resource programs and projects continue to increase with over 1,300,000 youngsters presently enrolled from both urban and rural communities across the Nation. Increased funding will enable Extension to carry out its environmental education and NREM National Strategic Plan obligations across the Nation.

The Association is disappointed that the Administration did not support an FY 95 increase in the Renewable Resources Extension Act (RREA). The FY 94 increase was not adequate for the task at hand and this program needs continuing support. As a result, Extension has established a new line item budget request titled Sustainable Natural Resources Management (SNRM). In this request, Extension proposes to establish field level positions to increase programming in: (1) integrated forest stewardship; (2) forest products processing and value-added manufacturing; and (3) public issues education.

The Association recommends that the Renewable Resources Extension Act be funded at a minimum level of $8 million in FY 95 and the Sustainable Natural Resources Management Initiative at $6 million. RREA has been authorized to the year 2000. We recognized and appreciated the $1 million increase proposed by the Administration for RREA in the investment proposals Section in FY 94, later reduced to $500,000. However, even this small increase enabled 13 multi-state, regional, or national forest ecosystem management projects to be implemented. When apportioned to State Extension Services, these FY 94 funds have been effectively leveraged with cooperating partnerships at an average of about three to one, with a focus on dissemination of educational programs to private landowners (rural and urban).

The Association notes that $4.9 million has been recommended in the President's budget for sustainable agriculture. The Association recommends not less than 20 percent of the total appropriation for sustainable agriculture should be dedicated to restoring, managing, and sustaining the environment and the Nation's natural resource base upon which the agricultural economy depends.

AGRICULTURAL RESEARCH SERVICE (ARS)

The Association applauds the Administration's proposal to increase the ARS' budget by $17.3 million. The ARS budget supports a number of new initiatives that the Association is pleased to support. Among those are the Area-wide Integrated Pest Management Systems work at $1.0 million and the Biodiversity of Wetlands for $1.0 million. Despite the value of these programs, it is the ARS' range research that we find to be the most beneficial. In the February 1992 Rangelands 14(1) magazine, the ARS expressed three specific objectives for increased rangeland research emphasis: riparian ecology and management; impact of large grazing animals; and, decision support systems. These were all identified as specific areas where ARS intended to focus future research. We concur with these research efforts and urge ARS to make every effort to direct resources to these important areas.

Mr. DURBIN. Are there any witnesses we missed? I hope not. Okay. Thank you very much.

WEDNESDAY, APRIL 13, 1994.

UNIVERSITY OF CONNECTICUT RESEARCH PROGRAMS

WITNESS

HON. SAM GEJDENSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CONNECTICUT

Mr. DURBIN. I would like to reconvene the Subcommittee on Agriculture, and our first witness is from the State of Connecticut, the Honorable Sam Gejdenson.

Mr. GEJDENSON. Thank you, Mr. Chairman.

It is a privilege to appear before you on the seldom occasion that we get together. And I can appreciate the problem you have had with my last name in that you are not familiar with Lithuania and the surrounding areas of Europe where that name came from, so I understand the challenge it presented to you.

I will be brief, because I do not want to take up the members' time, and I would be happy to answer any questions. I will just lay out a few things that we are trying to do.

Connecticut often is not looked at as a state with a lot of agriculture, but we probably do more agricultural research and development than any state in New England and we have a state that picked biotech as one of seven major industries we are trying to move forward on.

As all other states, we are strapped at the moment. The state government is committed to match, if we can get this $600,000 for planning for a UConn agricultural biotech building. That would give us the ability to work on a number of the genetic modifications on plants and animals that really are the future as far as a very large industry in Connecticut and a lot of what we do are in hothouses. Our advantage, of course, is that we are where the market is so we do not have to go through the transportation process. It is a program that I think will give a good benefit nationwide in the technology it develops. And, as I said earlier, the state government has made its commitment to match this grant that we hope to get from this committee for planning for this biotech building.

Now, the second issue that we are trying to get some funding on is the continuation of funding for the special research grant for the Food Marketing Policy Center at UConn. I think if there is ever an expenditure that had a positive impact on consumers, the information that this institute developed on marketing and on marketing-price relationships have saved the consumers a considerable amount of money. Looking at how potential mergers would affect the price of products has been able to intercede and provide actual information to the government to give them the hard facts on what certain actions would take, analyzing safety regulation and nutrition labeling and its effect on consumers and industry behavior. This is very solid research.

The committee was generous to continue the funding last year at $393,000 and to be able to continue that this year would be a great assistance.

The next program which last year received 5.5 million from the committee is the WIC Farmers' Market program and it is a program that helps everybody in the process. It gets better nutrition to people in need and children who are in need. It takes the middleman out of the business and gives farmers an opportunity to move their products directly to consumers. And while this alone would not necessarily make the market, it often gives enough of a kind of solid base of activity to expand farmers' markets in my state.

Since the program has been effective, we have gone from 15 to 40 farmers' markets. The requests the people are making for 10.5 million would enable the Federal Government to support these programs through the various states that are now applying for it. I think it is the kind of thing that we generally want to do.

And, again, I thank the committee for its time. We will be happy to place our entire statement in the record and would be happy to answer any questions that you might have. If I cannot answer them, I have excellent staff behind me that can give me the answers.

Mr. DURBIN. Let me say, Mr. Gejdenson, we think that your requests have been considered in the past by the subcommittee in a favorable way.

I do want to make it clear for the record that should we go forward with the ag biotech building at UConn that the Federal Government would not have any responsibility for the operating expenses of that building. Is that correct?

Mr. GEJDENSON. That is correct.

Mr. DURBIN. Secondly, a historical note. The first hybrid seed corn was developed in Connecticut, which would surprise most people but rest assured it is true.

And, finally, on the farmers' market, one of the elements here which you alluded to, which I think is really important, is that we can save money. We not only get fresh fruits and vegetables in the hands of people who need them but at lower cost and that is something we are looking to do all the time.

Mr. GEJDENSON. Yes. It is a terrific program. And, actually, around the country, it helps—you know, you think of formers normally as larger businesses today but a number of these farmers' markets give an avenue for people to make some money that, you know, really have five or ten acres or, in some cases, just an acre or less.

Mr. DURBIN. Thank you.

Mr. Myers?

Mr. MYERS. I do not know much about your school of agriculture but you had a pretty good basketball team this year.

Mr. GEJDENSON. Yes, we did all right. The school of agriculture is older than our basketball team.

Mr. DURBIN. On the subject of basketball, Mr. Thornton?

Mr. THORNTON. As a matter of fact, the basketball program is good at UConn, but so is the agriculture department. I have had the privilege of working with a number of your agricultural scientists during the time that I was at the University of Arkansas and it is no misstatement to say that yours is one of the premier programs in the country. I welcome you.

Mr. GEJDENSON. Thank you very much.

Mr. DURBIN. Thanks a lot.

Mr. GEJDENSON. Thank you, Mr. Chairman.

[The statement follows:]

STATEMENT

BY

THE HONORABLE SAM GEJDENSON

BEFORE THE HOUSE SUBCOMMITTEE ON AGRICULTURE

APRIL 13, 1994

Mr. Chairman and members of the Subcommittee, thank you for allowing me to testify today.

I would like to take a few moments of your time to discuss four appropriations requests that are very important to the development of New England's agricultural community and the economy of Connecticut.

Three of these projects build and expand upon the University of Connecticut's rich heritage as an agriculture school. Researching and teaching agriculture is nothing new to Storrs, Connecticut, where the University's main campus is located. In 1881, the Storrs Agriculture School began with an enrollment of 12 students. By 1939, it had gained University status and remains a leading agricultural and research institution in New England. In fact, the University is the only public institution in New England to receive a Class I research institution rating.

The first request is for $600,000 in planning money for the Agricultural Biotechnology Building at UConn. As you may know, a feasibility study was included in the FY 1994 Agriculture appropriations bill. It is my understanding that the feasibility study is near completion and will be submitted to the Subcommittee for review shortly.

An Agricultural Biotechnology building would enable the University to bring together under one roof researchers from several different departments and the Cooperative Extension program, and update and augment University office and laboratory space. Currently researchers in the Genetic Applications; Growth and Development; Biologics; Diagnostics and Vaccines; and the

Cooperative Extension program are located at various locations across campus. The new facility would allow researchers to coordinate interdisciplinary efforts and eliminate the duplication of research activities. Since the Storrs Experiment Station is located nearby, it is expected that the Station will play a key role the leadership of the new laboratory. Additionally, the new facility will house state-of-the-art research labs and eliminate office and laboratory space limitations that currently plague the University. Once the new building is operational, it is expected that the University will no longer have to deny students entry into the laboratories of their choice as is now the case.

Research to be conducted at the proposed building is crucial to the New England region and the future development of the emerging field of biotechnology. The building will house research projects focusing on the genetic modification of agricultural plants and animals. It is expected that this research will greatly improve the region's crop, greenhouse and livestock production and strengthen University partnerships with private industry.

Significant State support exists for this project. In fact, the Governor's FY 1995 budget request includes $600,000 for the State portion of the planning funds. Also, the State has pledged its commitment to match the $10 million federal share for actual construction.

I ask that the Subcommittee continue its commitment to this project by providing planning and design money for the building.

Another important project to the University is the Food Marketing Policy Center (FMPC). As a result of the Subcommittee's assistance, the Center received $393,000 in fiscal year 1994 under the Cooperative State Research Service (CSRS) Special Research Grants program. I urge your continued support for the same level of funding for the Center in fiscal year 1995.

As you know, the Center is the only one of its kind in the country specializing solely in research on the organization and performance of food manufacturing and distribution industries. The Center serves as the core research facility for Regional Research Project NE-165, a national food and agriculture marketing effort which involves 24 universities, the U.S. Department of Agriculture, Food and Drug Administration, Environmental Protection Agency, and the General Accounting Office. The FMPC facilitates research at land grant colleges by organizing conferences and maintaining comprehensive databases of important information, which a wide array of groups can access.

I urge the Subcommittee to support a $393,000 request for the Food Marketing Policy Center under the CSRS Special Research Grant program. This represents level funding and will allow the Center to continue its valuable research, which provides benefits far beyond the borders of Connecticut.

UConn is also requesting $300,000 for the creation of a Center for the Study of Oxidative Processes in Food, Nutrition and Health. The University would like to study ways that the effects of oxidative processes -- which cause the deteriorative reactions leading to food degradation -- might be mitigated.

University researchers are interested in finding methods in which antioxidants might be used to combat these processes and increase the nutritional value of our food supply. This research will complement the work already being done by Connecticut scientists on studies examining the link between the dietary intake of antioxidants and athletic performance.

The final program I would like to discuss with you is the WIC Farmers' Market program. With the Subcommittee's assistance last year, the program received $5.5 million to fund programs in 11 states. This year, I urge you to support a $10.5 million request.

As you know, I introduced legislation with the late Rep. Mickey Leland in 1988 to establish the program. Since its creation, more than 500,000 WIC participants have received coupons to purchase fresh fruit and vegetables at farmers' markets in their communities. The program also benefits more than 4,000 farmers through expanded markets for their produce. In my state of Connecticut, the value of this program is unmistakable. Nearly 50,000 participants use assistance to purchase produce from 155 farmers in 40 farmers' markets. According to a survey of participants conducted in 1993, two-thirds of first year participants and three-quarters of second and third year participants purchased more fruits and vegetables as a result of the program.

The WIC Farmers' Market Nutrition Act of 1992 (PL 102-314) transformed a multi-state demonstration project into a program which all states are eligible to implement. The program is currently available in 11 states. However, 14 states, the District of Columbia and one Native American tribe have applied to implement WIC Farmers' Market. As additional states begin to make this assistance available to residents, financial demands will increase. The $10.5 million request makes allowances for the states which are working to offer the program. As you may know, the Agriculture Department has received requests for funds in excess of $10 million.

WIC Farmers' Market provides women and children with expanded access to nutritious fruits and vegetables. The connection between providing children with nutritious diets and good health, educational achievement and successful development is unmistakable. With the health of our children a central facet of the health care debate, we should work to ensure that this program is available to as many women and their children as possible. By providing $10.5 million in funding, the federal government will be doing its part to make this valuable program available to many more across our country. An expanded program will also benefit hundreds more farmers coast to coast.

Again, thank you for allowing me to testify. Your consideration of these requests, which would vastly improve New England's agriculture community, is greatly appreciated.

USDA PROGRAMS

WITNESS

HON. H. MARTIN LANCASTER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH CAROLINA

Mr. DURBIN. Congressman Lancaster?

Mr. LANCASTER. Mr. Chairman, as I indicated to you on the floor, I would simply request that my statement be included for the record and would state that this is a request for sweet potato research and for fermentation research for pickling vegetables.

You and I have discussed on many occasions the need for tobacco farmers to diversify and if you will help me with these two, this will give those tobacco farmers at least two avenues in which to diversify.

Mr. DURBIN. You know those wedge issues. And brevity is next to godliness in this subcommittee.

Thank you very much, Mr. Lancaster.

[The statement follows:]

Testimony of

The Honorable H. Martin Lancaster

before the

House Appropriations Committee

Subcommittee on Agriculture, Rural Development,

Food and Drug Administration, and Related Agencies

Thank you, Mr. Chairman, for inviting me to testify on matters important to my constituents in eastern North Carolina.

Projects which I am requesting funding for include $2.4 million for sweetpotato research, $2.7 million in fermentation research for pickles and other vegetables, and finally $250,000 for expansion of the North Carolina Beaver Management Assistance Pilot Program.

During this time when the southeastern U.S. agriculture community is being criticized for its "lack of diversification", I am asking for $2.4 million to be appropriated to the Agriculture Research Service (ARS) for the purpose of sweetpotato research and development. The ARS would be directed to conduct research in the following seven areas.

1- Research to develop widely adapted and high-quality cultivars of sweetpotato with improved yields and disease and pest resistance for traditional markets and alternative uses

2- Research to develop better environmentally compatible management technologies to control and combat diseases, nematodes, insects and problem weeds, including effective controls for sweetpotato weevils in host and non-host crops

3- Research to develop monitoring systems for male and female sweetpotato weevils in sweetpotato storage facilities and in field and seed bed plantings

4- Research and develop integrated crop management practices that successfully combine cultural and biological controls, environmentally rational chemical usage, and host resistance

5- Research and develop improved technology for more efficient harvesting, grading, and storage of sweetpotatoes

6- Research and develop improved technology for processing sweetpotatoes for traditional and nontraditional food products

7- Research and develop methods to increase sweetpotato consumption and uses while removing possible barriers that limit sweetpotato research in both domestic and export markets.

Awareness of the important role that nutrition plays in a healthy society has never been greater than it is today; therefore, it should be noted that the USDA reports that sweetpotatoes ranks first in total nutritional value in the vegetable category. It is a major economic factor in agriculture/agribusiness in twelve states and as a food source, sweetpotatoes are well within economic reach of all classes of people. For these and many other reasons, these requested funds will serve as a major and rewarding investment in our economy as well as help promote the production of one of nature's own health foods.

Pickled vegetables also play an important role meeting the nutritional needs of Americans, providing much of our vitamin C and vitamin A intake. In addition, fermentation provides a valuable and economic method of preserving foods. Research in the area of fermentation will not only benefit the world famous pickles produced by Mount Olive Pickle Company and Cates Pickles, but can also provide important data regarding food preservation. I understand that the details of this request were presented to this Subcommittee on March 1, 1994 by the Field Research and Research and Development Committees. Without repeating testimony which this Subcommittee has already heard, I lend my support to their request for the complete funding of the Food Fermentation Laboratory in Raleigh, North Carolina in an amount of $1.5 million and for the complete funding of the Vegetable Crops Research Laboratory Unit in Madison, Wisconsin totaling $1.2 million.

The final project I bring to your attention is the North Carolina Beaver Management Assistance Pilot Program (BMAPP). I am requesting $250,000 for an expansion of this program. First initiated in 1992 in four southeastern North Carolina counties, BMAPP has been tremendously successfully in reducing the damages caused by beavers. Property owners and participating county governments participating in the first year of the pilot program estimated a savings of $1.6 million in future losses to timber, agricultural crops, roadways and other personal property, such as flooded homes, sewer systems, and landscape plantings. Substantial additional savings have been realized by the North Carolina Department of Transportation in a reduction in roadway maintenance activities.

Because of the program's success, efforts are underway in North Carolina to obtain additional state and local funding for this program. Though the USDA's Animal and

Plant Health and Inspection Service provides $25,000 for this program now, APHIS funding of $250,000 will help the program to be expanded into 45 counties in North Carolina with significant beaver damage problems.

I realize that this is a year for budgetary constraint, and funding for a program such as this will be difficult to obtain. However, I would not undertake these projects if I did not think them to be worthwhile in their benefits for the general public and agricultural communities.

I appreciate this Subcommittee's full consideration of my request for funding of these important projects.

FOOD AND DRUG ADMINISTRATION AND ANIMAL AND PLANT HEALTH INSPECTION SERVICE

WITNESS

BRUCE ANDREWS, ANIMAL HEALTH INSTITUTE

Mr. DURBIN. I understand Mr. Andrews of the Animal Health Institute has a plane problem and we would be glad to allow you to come join us now. We are sorry we were late in starting.

Mr. ANDREWS. Good afternoon. I appreciate your accommodating my request.

Mr. Chairman and members of the subcommittee, my name is Bruce Andrews and I am president of the Animal Health and Nutrition Division for American Cyanamid Company in Wayne, New Jersey. I am also a member of the board of directors of the Animal Health Institute based here in Washington.

I thank you for this opportunity to discuss user fees, animal drug availability and the 1995 budget for the Food & Drug Administration and Animal and Plant Health Inspection Service.

The Animal Health Institute is the national trade association that represents the manufacturers of animal health products, the pharmaceuticals, vaccines and feed additives used in modern food production and the medicines that keep pets healthy.

We represent a small and specialized industry with approximate annual revenues of just over $2 billion. By comparison, FDA regulated industries such as human prescription drugs generate revenues of more than $51 billion and human medical devices generate $40 billion a year. Even the dog and cat food industry generates annual revenues in excess of $6 billion. However, we do create thousands of jobs in the United States and we pay millions in tax dollars each year. We ask that our concerns be addressed.

A.H.I. and its member companies are strongly opposed to the proposed budget for the Food & Drug Administration. The current Clinton administration plan is a significant shift from Congress' usual practice of funding the agency through tax-based appropriations. Instead, this budget proposes collecting user fees from all FDA-regulated industries to account for 34 percent of the total FDA budget.

Mr. Chairman, these deficit-reducing user fees do nothing to address a primary concern of this country's producers of meat, milk and eggs: a lack of available animal health products to treat their annuals, especially as compared to their counterparts elsewhere in the world. This lack of available animal drugs is caused by delays in the current FDA process for reviewing new products.

On March 13, Commissioner Kessler testified on his agency's budget and expressed strong support for the imposition of new user fees on FDA regulated industries. He described the budget as lean and mean and stated that the $50 million increase in agency funding over last year's budget was a direct result of additive user fees. Yet when asked during questioning to discuss how much each of the FDA regulated industries would be required to pay of the $228 million in unobligated fees, he had no answer. This is of concern to our industry.

Many people may find the level of fees that could be assessed on our industry to be minor, more of a rounding issue than a significant amount of money. However, in an industry where 87 percent of products generate annual revenues of less than $1 million, the issuance of any fees will have significant economic consequences.

The budget for FDA and its Center for Veterinary Medicine must be considered in light of these following facts.

The animal health products industry currently invests $400 million annually on research and development. That is nearly 20 cents of every dollar we earn. Unless we can see significant improvement in drug approvals, there will likely be dramatic cutbacks in research and development investment. This will result in a significant loss of jobs and a reduction in new technologies available to U.S. livestock producers.

It is taking us an average of 11 years to bring an animal pharmaceutical to market and only one in 7500 compounds ever makes it from test tube to approval.

Only eight new chemical entities for food producing animals were approved by FDA during the last seven years.

While several "me, too" or generic drugs were approved last year, few of these will significantly impact production agriculture.

The average time it takes FDA to reach a review decision on a pharmaceutical for food animals is 48 to 54 months. This is according to the agency's own numbers. That is more than four years, although federal law requires the FDA to make a decision within six months.

Mr. Chairman, deficit reduction user fees would address none of our concerns.

In 1992, FDA was mandated to conduct a study of the feasibility of assessing user fees on the animal drug industry to determine if additive user fees would expedite the application, review and approval process.

Our industry spent countless hours gathering information to present to FDA. We worked closely with the agency to ensure that pertinent information was analyzed properly. We have been pleased with CVM's willingness to work with us to resolve the problems within the product review system.

The feasibility study was supposed to be delivered to Congress by January 4, 1994. To date, that report is still undergoing final review and approval by the Public Health Service, the Department of Health and Human Services and the Office of Management and Budget.

In Dr. Kessler's March 13th testimony, he stated that the work of CVM was important to him, that the report was a high priority. He promised the report would be out of FDA within 30 days.

With the help of you, Mr. Chairman, and concerns expressed by the members of this subcommittee, the report was sent out of FDA the day after Dr. Kessler testified. The industry thanks you for your assistance and interest in our problem but more remains to be done.

For several weeks, an AHI representation, which I have been a member, has been discussing with FDA the possibility of imposing user fees on our industry that would be added to an inflation adjusted budget. Commissioner Kessler has told you that the agency has been negotiating with a few industries regarding user fees but he did not mention the animal drug industry.

Mr. Chairman, our industry would willingly discuss assessing fees that would be applied to specific process improvements and performance standards of the agency but no final agreement can be reached until the feasibility report, a report that we worked so hard on as did CVM, has been issued to the pertinent committees of Congress nor until our industry has had the opportunity to review its findings and recommendations.

Fiscal 1995 is just five months away. This committee has often stated that no user fees could be assessed without legislative authorization. Therefore, there is a legitimate question as to whether any fees could or should be implemented at all during the upcoming fiscal year.

Our member companies have not had the opportunity to assess the impact of fees on their corporate budgets and the FDA and its Center for Veterinary Medicine have not had the opportunity to sort through the logistics of assessment and collection of fees.

We are also concerned over the delay in the appointment of the new director of CVM, Dr. Sunloff, and we are wondering whether this is partly holding up the issuance of the report.

We are convinced that many of the application review problems at CVM can be addressed with changes that do not require any additional funding for FDA. What is needed most at the Center for Veterinary Medicine are simple changes in procedures and the implementation of new processes.

The Center has shown a willingness to implement some of these changes and our industry will continue to monitor and support these efforts.

For those procedural changes that would require additional funds, we remain willing to consider additive user fees to fund those specific programs that directly improve the application process and the timeliness of reviews.

If there are other programs that FDA considers vital to the missions and mandates of the agency, then those programs should be fully funded from the U.S. Treasury, not user fee assessments.

Relying on user fees to help save federal funds is nothing more than an additional tax on our industry. It also does nothing to meet the special concerns of those paying the fees.

Furthermore, neither Congress nor the agency should look to deficit reduction user fees to help pay for an agency charged with protecting the public health.

On another matter, I would like to express our industry's concern about the budget of USDA's Animal and Plant Health Inspection Service. This agency is responsible for evaluating all veterinary biologics, which is the cutting edge of our industry.

The current budget proposal for the Department of Agriculture may result in lost personnel at APHIS. We understand that this loss will probably result in the significant reduction of application reviewers. AHI and its member companies strongly oppose budget reductions in this agency and ask that Congress adequately fund APHIS to ensure that it can at the very least maintain its current personnel levels.

Once again, I thank you for this opportunity to testify on the 1995 FDA and APHIS budgets. I would be happy to answer any questions you may have.

Mr. THORNTON. Thank you, Mr. Andrews. We appreciate your testimony, and those of us on this committee, many of whom have agricultural backgrounds, are familiar with the difficulties imposed by user fees. We will be considering this very carefully as we move forward.

Mr. Myers?

Mr. MYERS. No questions.

Mr. THORNTON. Mr. Walsh?

Mr. WALSH. I have no questions. Thank you for your testimony.

Mr. THORNTON. Thank you very much, sir.

Mr. ANDREWS. Thank you.

[The statement follows:]

ANIMAL
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Testimony of Mr. Bruce Andrews

President, Animal Health & Nutrition Division
American Cyanamid Company

Before the Subcommittee on Agriculture, Rural Development, FDA
and Related Agencies

April 13, 1994

MR. CHAIRMAN and members of the Subcommittee, my name is Bruce Andrews, and I am president of the Animal Health and Nutrition Division at American Cyanamid Company in Wayne, New Jersey. I am also a member of the Board of Directors of the Animal Health Institute. I thank you for this opportunity to discuss user fees, animal drug availability and the 1995 budget for the Food and Drug Administration and Animal and Plant Health Inspection Service.

The Animal Health Institute is the national trade association that represents the manufacturers of animal health products -- the pharmaceuticals, vaccines and feed additives used in modern food production, and the medicines that keep pets healthy. We represent a small and specialized industry, with approximate annual revenues of just over $2 billion. By comparison, FDA-regulated industries such as human prescription drugs generate revenues of more than $51 billion, and human medical devices generate $40 billion. Even the dog and cat food industry generates annual revenues in excess of $6 billion. However, we do create thousands of jobs in the United States, and pay millions in tax dollars each year. We ask that our concerns be addressed.

AHI and its member companies are strongly opposed to the proposed budget for the Food and Drug Administration. The current Clinton Administration plan is a significant shift from Congress' usual practice of funding the agency through tax-based appropriations. Instead, this budget proposes collecting user fees from all FDA-regulated industries to account for 34 percent of the total FDA budget.

Mr. Chairman, these "deficit reduction" user fees do nothing to address a primary concern of this country's producers of meat, milk and eggs -- a lack of available animal health products to treat their animals, especially as compared to their counterparts elsewhere in the world. This lack of available animal drugs is caused by delays in the current FDA process for reviewing new products.

On March 13th, Commissioner Kessler testified on his agency's budget, and expressed strong support for the imposition of new user fees on FDA-regulated industries. He described the budget as "lean and mean," and stated that the $50 million increase in agency funding over last year's budget is a direct result of additive user fees. Yet, when asked during questioning to discuss how much each of the FDA-regulated industries would be required to pay of the $228 million in unobligated fees, he had no answer. This concerns our industry.

Many people may find the level of fees that could be assessed on our industry to be minor -- more of a "rounding issue" than a significant amount of money. However, in an industry where 87 percent of our products generate annual revenues of less than $1 million, the issuance of any fees will have significant economic consequences.

The budget for FDA and its Center for Veterinary Medicine must be considered in light of these following facts:

* The animal health products industry currently invests $400 million annually on research and development -- that's nearly 20 cents of every dollar we earn. Unless

we can see significant improvement in drug approvals, there will likely be dramatic cutbacks in research and development investment. This will result in a significant loss of jobs, and a reduction in new technologies available to U.S. livestock producers.

* It's taking us an average of 11 years to bring an animal pharmaceutical to market, and only one in 7,500 compounds ever makes it from test tube to approval.

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Mr. Chairman, deficit reduction user fees would address none of our concerns.

In 1992, FDA was mandated to conduct a study of the feasibility of assessing user fees on the animal drug industry to determine if additive user fees would expedite the application review and approval process. Our industry spent countless hours gathering information to present to FDA. We worked closely with the agency to ensure that pertinent information was analyzed properly. We have been pleased with CVM's willingness to work with us to resolve the problems within the product review system.

The feasibility study was supposed to be delivered to Congress by January 4, 1994. To date, the report is still undergoing final review and approval by the Public Health Service, the Department of Health and Human Services, and the Office of Management and Budget. In Dr. Kessler's March 13th testimony, he stated that the work of CVM was "important" to him, and that the report was a "high priority". He promised the report would be out of FDA "within 30 days." With the help of Chairman Durbin and concerns expressed by the members of this Subcommittee, the report was sent out of FDA the day after Dr. Kessler testified. Our industry thanks you for your assistance and interest in our problems, but more remains to be done.

For several weeks, we have been discussing with FDA the possibility of imposing user fees on our industry that would be added to an inflation-adjusted budget. Commissioner Kessler has told you that the agency has been negotiating with a few industries regarding user fees, but he did not mention the animal drug industry. Mr. Chairman, our industry would willingly discuss assessing fees that would be applied to specific process improvements and performance standards at the agency. But no final agreement can be reached until the feasibility report -- the report that we worked so hard on -- has been issued to the pertinent committees of Congress, nor until our industry has had the opportunity to review its findings and recommendations.

Fiscal 1995 is just five months away. This Committee has often stated that no user fees could be assessed without legislative authorization. Therefore, there is a legitimate question as to whether any fees could or should be implemented at all during the upcoming fiscal year. Our member companies have not had the opportunity to assess the impact of fees on their corporate budgets, and FDA and its Center for Veterinary Medicine have not had the opportunity to sort through the logistics of assessment and collection of fees.

We are convinced that many of the application review problems at CVM can be addressed with changes that do not require any additional funding for FDA. What is needed most at the Center for Veterinary Medicine are simple changes in procedures and the implementation of new processes. The Center has shown a willingness to implement some of these changes, and our industry will continue to monitor and support these efforts. For those procedural changes that would require additional funds, we remain willing to consider additive user fees to fund those specific programs that directly improve the application process and the timeliness of reviews.

If there are other programs that FDA considers vital to the missions and mandates of the agency, then those programs should be fully funded from the U.S. Treasury, not user fee assessments. Relying on user fees to help save federal funds is nothing more than an additional tax on our industry. It also does nothing to meet the special concerns of those paying the fees. Furthermore, neither Congress nor the agency should look to deficit reduction user fees to help pay for an agency charged with protecting the public health.

On another matter, I would like to express our industry's concern about the budget of USDA's Animal and Plant Health Inspection Service. This agency is responsible for evaluating all veterinary biologics -- the cutting edge of our industry.

The current budget proposal for the Department of Agriculture may result in lost personnel at APHIS. We understand that this loss will probably result in the significant reduction of application reviewers. AHI and its member companies strongly oppose budget reductions in this agency, and ask that Congress adequately fund APHIS to ensure that it can, at the very least, maintain its current personnel levels.

Once again, I thank you for this opportunity to testify on the 1995 FDA and APHIS budgets. I would be happy to answer any questions you may have.

AGRICULTURAL RESEARCH STATION IN SALINAS, CALIFORNIA

WITNESS

HON. SAM FARR, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. THORNTON. Mr. Sam Farr, the Honorable Sam Farr.

How are you doing?

Mr. FARR. Very well.

Mr. THORNTON. Welcome.

Mr. FARR. Thank you.

Mr. Chairman, thank you very much, and members.

This is the first time I have ever appeared before this subcommittee, and I do not expect to have to appear very often because I represent an area that produces about 10 percent of California's agricultural output, the Salinas and Monterey Valleys. And they do not receive a drop of federal funds, and that is why I do not expect to be here very often. But it is without a doubt the major fresh produce growing area in the United States, and the reason I am here is to ask for some money for an agricultural research station. The research station needs an additional $430,000 appropriated in fiscal year 1995. The Salinas station represents 713,000 acres of vegetable crops and 35 percent of the total vegetable acreage in the nation. With only four scientists responsible for research for the entire central coast, the station has achieved a national reputation for its research on vegetable disease, plant breeding and pesticide reduction programs.

The Salinas station is internationally renowned for its lettuce germplasm collection which is the largest and most important in the world. Most of the lettuce product comes out of the Salinas Valley. This germplasm collection is used in the development of widely adaptable lettuce cultivars with improved disease and pest resistance, a key component to the Integrated Pest Management programs espoused by Dr. Finney.

Dr. Finney, I think, in speaking to this committee, I believe, yesterday is very supportive of the research activities that are going on here in the central coast. We produce in Monterey County alone about $1.8 billion worth of produce per year. As I said, about 10 percent of the agricultural output of the state of California. We grow about 50 specialty crops and, as I said, none of them receive any federal subsidies.

For the past eight years, the Salinas station has been on a fixed budget in the face of increasing operational costs. This has resulted in the curtailment of research projects, the endangerment of the station's ability to sustain the lettuce germplasm and, most recently, the loss of a key researcher due to lack of funds.

The ability to breed vegetables with resistance to pests and disease through conventional breeding and biotechnology is the most scientifically sound approach to implementing an integrated pest management program and reducing the overall pesticide use on these crops.

As this committee knows, an awful lot of these crops as the pesticides become unclassified on the list and listed, the companies no longer find it economically viable to produce them. So we are kind of in a race with the phasing out of the pesticides where they say—you call these minor crops but for us it is major agriculture and certainly a significant amount is major but still we cannot find replacements so it is sort of a race in time to whether we can develop this biotechnology and other ways of implementing a good IPM program so we will not have to rely on these products that will be phased out.

Congress has approved previous USDA appropriation bills directed at the Agricultural Research Service to ensure that the soil station receives adequate funds but because of the national importance of the germplasm collection, I urge the subcommittee to appropriate the additional $430,000. Of that $330,000 to reinstate the research scientist and to hire a germplasm technician and $100,000 for the greenhouse space required for development and maintenance of the lettuce germplasm program.

Mr. THORNTON. My colleague, I am delighted to have your testimony. I attended the U.S. Navy postgraduate college there at Delmonte, the old Delmonte Hotel.

Mr. FARR. Well, then you can help me save that, too, because that may be on the next blacklist.

Mr. THORNTON. It may be. But it is a beautiful area and you do wonderful agricultural work. The importance of minor crops cannot be overstated, and we appreciate very much your testimony.

Mr. FARR. Well, thank you very much. It is not a great big sum of money, but it is exceedingly important to the industry in that area and I think that is important to this nation.

Mr. THORNTON. Mr. Myers?

Mr. MYERS. No questions.

Mr. DURBIN. Mr. Walsh?

Mr. WALSH. No questions.

Mr. FARR. Thank you very much.

Mr. THORNTON. Thank you very much.

[The statement follows:]

REP. SAM FARR (17th-CA) TESTIMONY BEFORE APPROPRIATION SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES

April 13, 1994

Chairman Durbin, members of the subcommittee, I respectfully request your support for an additional $430,000 appropriation in FY '95 for the Agriculture Research Station in Salinas, California.

In his statement before this subcommittee, Dr. Essex Finney, Acting Administrator of USDA's Agricultural Research Service, stated that ARS is proposing to shift its emphasis to projects contributing to methyl bromide and pesticide reduction. Additional funds for the Salinas Research Station would be a clear message of support to Dr. Finney's objectives.

The Salinas station represents 713,000 acres of vegetable crops and 35% of the total vegetable acreage in the nation. With only four scientists responsible for research for the entire central coast, the station has achieved a national reputation for its research on vegetable diseases, plant breeding and pesticide reduction programs.

The Salinas station is internationally renowned for its lettuce germplasm collection which is the largest and most important in the world. The germplasm collection is used in the development of widely adaptable lettuce cultivars with improved disease and pest resistance, a key component of the Integrated Pest Management programs espoused by Dr. Finney.

In the Central Coast, Monterey County alone produces over $1.8b worth of produce per year or about 10% of the agriculture output of California. Over 50 specialty crops are grown none of which receive any federal subsidies.

All this and yet during the **past eight years the Salinas station has had a fixed budget** in the face of increasing operational costs. This has resulted in the **curtailment of research projects, the endangerment of the station's ability to sustain lettuce germplasm, and most recently, the loss of a key researcher due to lack of funds.**

The ability to breed vegetables with resistance to pests and disease through both conventional breeding and biotechnology is the most scientifically sound approach to implementing IPM, and reducing overall pesticide use on these crops. This can only be accomplished by having an adequately funded, uninterrupted breeding program, staffed with dedicated individuals.

Congress has in previous USDA appropriations bills years directed the Agricultural Research Service to ensure that the Salinas station receive adequate funding.

Because of the national importance of the lettuce germplasm collection, and its use in cultivar development, Integrated Pest Management Programs and the potential to reduce pesticide use, I urge the subcommittee to appropriate an additional $430,000 ($330,000 to reinstate the research scientist and hire a germplasm technician, and $100,000 for the greenhouse space required for development and maintenance of lettuce germplasm).

USDA PROGRAMS

WITNESS

DAN KOONS, NATIONAL CATTLEMEN'S ASSOCIATION

Mr. THORNTON. Dan Koons of the National Cattlemen.

Dan, are you submitting this statement for Gary Wilson? Is that correct?

Mr. KOONS. For the National Cattlemen's Association.

Mr. THORNTON. For the National Cattleman's Association.

Mr. KOONS. Yes, sir.

Mr. THORNTON. I know our chairman would like to have remained here to give you his own personal welcome but he told me to be very nice and gentle to you and to listen very carefully to what you have to say.

Your statement will be made a part of the record and if you wish to summarize it or give it, the floor is yours, sir.

Mr. KOONS. Well, I had lunch with him and he assured me you would go easy on me.

Good afternoon, Mr. Thornton and members of the subcommittee. As stated, I am Dan Koons from Shirley, Illinois, and I am president of the National Cattlemen's Association.

I would like today to highlight a few of the key issues of importance to the beef cattle industry as a partial response to the proposed budget and I ask that the full written text of our comments as presented to the subcommittee also be included in the record.

Mr. THORNTON. Without objection, it will be included in the record.

Mr. KOONS. Under the category of farm and international trade services, NCA recognizes that many good programs undertaken by the Foreign Agricultural Service enhance our ability to export products and we request that the 54.9 million be maintained for the foreign market development cooperative program and that 147.7 million for the market promotion program.

The beef industry has been a beneficiary of these programs through the U.S. Meat Export Federation. Exports of beef have increased significantly in recent years to Japan, Korea and Mexico. The U.S. Meat Export Federation has many effective market development and promotion programs in these countries funded by cooperator, MPP and private sector funds. Continued enhancements of MPP will help us to maintain those beef exports.

In regards to food and nutrition and consumer services, we support the Commodity Distribution Program and oppose any expansion of the Commodity Letter of Credit program.

N.C.A. supports the move of all funding and staff responsibilities of the Human Nutrition Information Service through the Agricultural Research Service. As consumers get more and more confused by conflicting information, it is critical that USDA gain consumer confidence by ensuring scientific accuracy and integrity of dietary recommendations.

In regards to natural resources and environment, we request that $20 million be appropriated and redirected for the Grazing Lands Conservation Initiative as a component of the Soil Conservation Service. The number of range conservationists and technical personnel within SCS has significantly declined since implementation of the 1985 and 1990 farm bills.

The nation's cattlemen find it ironic that given the continuing political and social debate over livestock grazing of private and public lands that SCS because of inadequate funding is forced to pull manpower and resources from range and grasslands programs.

As regards to Food Safety and Inspection Service, NCA is very supportive of the meat inspection reform and the research needed to make it reality. We applaud Secretary Espy's initiative to establish a meat inspection system based on scientific analysis and the inclusion of the hazard analysis and critical control points.

We oppose the imposition of user fees for federal meat inspection programs and contend that programs mandated by law to be conducted on behalf of the public benefit should be funded with public monies.

Packing plants that incorporate an eight-hour, second-schedule approved shift should not be subject to pay the cost of inspection services.

We support AHI's concerns with user fees to support the FDA's budget knowing we have a drug approval process that is failing to meet our needs.

Animal Plant and Health Inspection Services, in regards to brucellosis, we encourage the subcommittee not to become complacent with the direction that the brucellosis funds are going. We are about to reach our goal of eradicating brucellosis and we need to continue on that effort.

As regards to the tuberculosis, NCA also encourages the support of the national TB research initiative with appropriate funding going to ARS and CSRS, Animal Health and Special Grant 1434. The increasing incidence of TB-infected cattle being imported into the United States from Mexico and growing TB infestations in farm, deer and elk highlight the need for funding that will support the research and development of improved diagnostic and control mechanisms.

In regards to special grants, and particularly the beef carcass evaluation and identification, the cattle industry has identified beef carcass evaluation and genetic selection as top research priorities.

Recently, producers representing NCA and the Beef Industry Council voted to continue to provide industry supported check-off dollars for these projects during fiscal year 1995. They also asked that I extend their thanks to you, Mr. Chairman, and the members of this subcommittee for awarding the congressional special grant beef carcass evaluation identification during fiscal years 1992, 1993 and 1994 to support these projects and I want to reiterate that these are producer, co-op sort of programs and we are appreciative of that.

Today, beef producers have provided 2.7 million of industry check-off dollars to support these three research components of this special grant: the development of the instrument assessment of carcass characteristics; the identification of major genes affecting carcass quality and the development of carcass trait information on live yearling breeding bulls.

The fiscal years 1992 through 1994 special grant award by this subcommittee has provided $630,000 and we are hopeful that you and your subcommittee members will continue to support the industry's research initiative. To keep pace with the time and resources required to conduct the research, NCA asks that a special grant totalling $497,500 be allocated for fiscal year 1995.

I thank you for the opportunity to participate today and if you have any questions, I would be happy to answer those and if I cannot, I have a very capable staff person with me.

Mr. THORNTON. Well, I want to thank you for the good summary of very detailed and complete testimony, which is a part of the record. You did not mention several very important factors, but they will be considered by the committee and by the staff.

Mr. Myers, do you have a question?

Mr. MYERS. Where is Shirley?

Mr. KOONS. Just south of Bloomington, Illinois in central Illinois. Just north of Congressman Durbin's district.

Mr. MYERS. I am probably closer to it than he is. Shirley is very small, is it not?

Mr. KOONS. Yes, it is.

Mr. MYERS. I went to school at the University of Illinois, the law school there. One of my classmates was from Shirley, I believe. Dick Ems?

Mr. KOONS. I know the name, yes, sir.

Mr. MYERS. He is older than you are—better than five years or so, come to think about it. [Laughter.]

Mr. THORNTON. Let us not get into the subject of age.

Mr. Walsh.

Mr. WALSH. Thank you, Mr. Chairman.

Just some quick questions. Does the National Cattlemen's Association have a position on a check-off program for domestic raising of deer and elk for meat?

Mr. KOONS. No. We are not currently funding any——

Mr. WALSH. No, I mean do you have a position on it, for or against. Would you support efforts by Congress or state legislatures to set up a similar check-off program for research, particularly tuberculosis.

Mr. KOONS. No. Not that I am aware of.

Mr. THORNTON. Please identify yourself for the record.

Mr. WILSON. Gary Wilson, NCA staff for animal health and inspection. NCA is aware of the initiatives outlined by the American Deer Farmers or North American Elk Breeders to establish a self-help, self-insured program to help eradicate TB from farmed elk in this country.

We have official policy supporting the recognition of farm deer and elk as livestock, which would then enable them to become participants under the current livestock disease eradication programs, both for brucellosis and tuberculosis.

We are supportive of that position provided there are adequate funds added to the current budget to support these additional participants. As it stands right now, we do not have enough eradication funds to buy out all the dairy cattle in this country that should be eradicated because they are infected with TB.

Mr. THORNTON. Thank you very much.

Mr. MYERS. Buffalo are included, are they not?

Mr. WILSON. Pardon?

Mr. MYERS. Buffalo are included, are they not?

Mr. THORNTON. Bison and buffalo are included.

Mr. WILSON. Yes.

Mr. THORNTON. Thank you very much. Thank you for your testimony.

[The statement follows:]

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NCA

NATIONAL CATTLEMEN'S ASSOCIATION

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Statement To

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION AND RELATED AGENCIES SUBCOMMITTEE OF THE

HOUSE APPROPRIATIONS COMMITTEE

regarding

USDA - 1995 BUDGET

submitted by

Gary Wilson
Director, Animal Health/Inspection
Research and Education

NATIONAL CATTLEMEN'S ASSOCIATION

April 13, 1994

The National Cattlemen's Association is the national spokesman for all segments of the beef cattle industry -- including cattle breeders, producers, and feeders. The NCA represents approximately 230,000 cattlemen. Membership includes individual members as well as 47 affiliated state cattle associations and 31 breed associations.

The National Cattlemen's Association (NCA) takes a great interest in the development of the budget for the U.S. Department of Agriculture and the subsequent appropriation of funds for programs carried out by it's numerous agencies.

Following are the views and policies of the NCA on certain programs at the USDA. We urge your consideration of these views and requests and ask that this document serve as NCA's official response to the proposed budget.

FARM AND INTERNATIONAL TRADE SERVICES

NCA recognizes the many good programs undertaken by the Foreign Agricultural Service that enhance our ability to export our products.

NCA requests that $54.9 million be maintained for the Foreign Market Development Cooperator Program and $147.7 million for the Market Promotion Program (MPP). The beef industry has been a beneficiary of these programs through the U.S. Meat Export Federation (USMEF). Exports of beef have increased significantly in recent years to Japan, Korea and now Mexico. The USMEF has many effective market development and promotion programs in these countries, funded by Cooperator, MPP and private sector funds.

FOOD NUTRITION AND CONSUMER SERVICES

NCA supports the Commodity Distribution Program and opposes any expansion of the Commodity Letter of Credit(CLOC) program. The CLOC Program cannot match the efficiency of the Commodity Distribution Program nor can it be verified that beef purchased with CLOC is of American origin. In addition, the Commodity Distribution Program is an efficient means of providing commodities for school lunch while aiding the beef industry in stabilizing the market.

NCA supports USDA's goal of providing nutritious meals for children. Children should have access to the proper nutrients for adequate growth and development. Once those needs are met, NCA supports using the 1990 Dietary Guidelines for Americans as a goal for the National School Lunch Program.

NCA supports the move of funding, staff and responsibilities of the Human Nutrition Information Services to the Agriculture Research Service. As consumers get more and more confused by conflicting information, it is critical that USDA gain consumer confidence by ensuring scientific accuracy and integrity of dietary recommendations. Food and Consumer Services should implement the guidelines and educational tools once scientifically developed by ars.

NATRUAL RESOURCES AND THE ENVIRONMENT

NCA requests that $20 million be appropriated/re-directed for a Grazing Lands Conservation Initiative (GLCI) as a component of the Soil Conservation Service. The number of range conservationists and technical personnel within SCS has significantly declined since implementation of the 1985 and 1990 Farm Bills. Over half of the U.S. land mass is used as pasture or range. The millions of private landowners who graze livestock on these lands need and deserve the conservation assistance of SCS.

The GLCI was developed as a cooperative program among landowners, conservation districts, producer groups and SCS to facilitate information exchange by:

-Strengthening partnerships between producers and others;
-Promoting voluntary action and respecting private property rights;
-Encouraging diversification to achieve multiple natural resources benefits; and
-Emphasizing training, education and increased public awareness.

In order to accomplish these benefits, the GLCI should 1) receive line-item funding in the USDA/SCS: budget, 2) hire personnel trained in pasture and range management, and 3) provide qualified technical assistance to landowners at their request.

MARKETING AND INSPECTION SERVICES

Food Safety Inspection Service (FSIS)

NCA is very supportive of meat inspection reform and the research needed to make it a reality. We applaud Secretary Espy's initiative to establish a meat inspection system based on scientific analysis and the inclusion of Hazard Analysis and Critical Control Points (HACCP) systems.

NCA opposes the imposition of user fees for federal meat inspection programs and contend that programs mandated by law to be conducted on behalf of the public benefit should be funded with public monies. Packing plants that incorporate an eight hour, second scheduled, approved shift should not be subject to pay the cost of inspection services.

Animal and Plant Health Inspection Service(APHIS)

Brucellosis: NCA encourages Congress and USDA not to become complacent or initiate a re-direction of funds from Brucellosis for other initiatives, before reaching our goal. NCA is pleased with the significant progress that is occurring with the Brucellosis eradication program. However, it is important to maintain adequate funding to complete the Brucellosis eradication program and the last vestiges of this disease..

Pre-harvest Pathogen Reduction: NCA supports many of the initiatives outlined for pre-harvest food safety including risk assessments, research and development of on-farm HACCP systems, data collection and analysis. However, NCA does not support the funding of this initiative coming from the Brucellosis Eradication Program, particularly to support the establishment of a "Center of Excellence at the University of Maryland- Eastern Shore to do work aimed at the problems of microbiological contamination of poultry products!"

Tuberculosis: Due to the increasing incidence of bovine tuberculosis in farmed deer and elk, and Mexican cattle imported into the U.S., NCA encourages that adequate funding be appropriated to the existing TB budget to help cover the cost of additional surveillance and testing of livestock and cervidae.

Tropical Bont Tick: NCA urges that funds be made available for a pilot program for the eradication of the tropical bont tick from the Caribbean. We recommend that $2 million be re-appropriated to APHIS and the University of Florida in a cooperative effort to develop and patent a trick decoy system to eradicate the tropical bont tick from the Caribbean.

Screwworm: NCA supports the Screwworm Eradication Program. The 1992-93 outbreaks in Mexico underline the importance of the program and APHIS plans to move eradication efforts further south.

Animal Damage Control: NCA supports maintaining current appropriations for the Animal Damage Control (ADC) program. NCA is hopeful that the funds will be used to improve the program's field force and its ability to deliver services to the livestock producers. ADC is important in protecting our natural resources as well as human health and safety. The proposed 10 percent reduction in the ADC program could lead to higher losses and millions of dollars in reduced income for farmers, ranchers and many parts of the rural economy.

Scrapie: NCA supports the efforts of the sheep industry to eradicate scrapie through certifying scrapie-free flocks.

Agricultural Marketing Service (AMS)

Easy access to available price and volume information by producers is critical for maintaining a competitive, free-market system. NCA supports AMS efforts to increase reporting of contracted and formula priced cattle and improved export reporting consistent with changing production and marketing procedures in the industry. NCA encourages AMS to continue increased efforts to expand verified reporting of boxed beef sales and to begin reporting a price (or index) for Boxed Beef Carcass Units (BCU's).

Packers and Stockyards Administration (P&SA)

NCA supports the Administration's proposal to increase P&SA funding to levels consistent with continuing the responsibility for ensuring that livestock markets are free from unfair or deceptive practices. However, NCA opposes the imposition of license fees to cover the cost of administering the Packers and Stockyards Act, contending that programs mandated by law and conducted on behalf of public markets should be funded with public monies. NCA supports the P&S Proposal to establish a dealers trust.

RESEARCH, EDUCATION AND ECONOMICS

NCA would like to note the continuing inequities between plant science and animal science funding within the Agricultural Research service and Cooperative State Research Service budgets.

Agricultural Research Service (ARS)

NCA encourages members of the Agriculture Appropriations Subcommittee to support the following high priority projects to the ARS budget in FY 95:

* **Develop Baseline Data Regarding The Influence Of Beef Production Systems On The Environment.** Components of the research will focus on manure management systems that enhance forage and row crop production and soil quality while maintaining/improving water and air quality.

* **Bovine Tuberculosis.** Components of the research will focus on the epidemiology, pathogenesis, and diagnosis of TB. The project will develop improved diagnostic tests that are more sensitive and specific than current tests for cattle, deer, elk, llama and bison.

A comprehensive, multi-disciplinary approach is necessary to accomplish the stated research objectives. Cooperative research between ARS scientists and scientists at other institutions will most efficiently accomplish this mission. It is proposed that ARS receive $2,000,000/yr. for 5 years to support scientists, staff and biocontainment animal quarters at the National Animal Disease Center in Ames, Iowa.

To create a balanced research program, we propose that an additional $2,000,000/yr. for the next 5 years be earmarked for TB research and made available through the Animal Health and Disease Special Grants Program (Section 1434) administered by the Cooperative State Research Service.

This allocation would enable TB research specialists at Cornell University, University of Wisconsin-Madison, Colorado State University, Texas A&M and other institutions to complement the work at the NADC in Ames, Iowa. ARS/NADC would coordinate the overall TB research effort.

NCA will support the TB research funding for ARS and CSRS provided a no net increase in total Federal spending occurs and monies are not re-directed from other animal disease initiatives, particularly the Brucellosis Eradication Program.

* **Bovine Genome Mapping,** NCA congratulates the scientists of the Meat Animal Research Center (MARC), Clay Center, NE. for their success in mapping the bovine genome and thanks Congress for allocating the funds to support the project. NCA encourages continuing support for the genome mapping/gene regulation project at the MARC, to identify quantitative trait loci and specific genes that influence disease resistance, meat quality, ovulation and protein and lipid metabolism.

* **Improve Technology And Management Of The Bovine Immune System,** This project will enhance the investigation on viral immuno suppression and increase knowledge on how the bovine immune system can be influenced to improve animal health, well-being, and production efficiency. The project will be conducted at the National Animal Disease Center in Ames, Iowa. Project Cost: $1,000,000.

* **Identify Metabolic Indicators Of Animal Stress,** This project will identify neural, endocrinological and immunological indicators of stress and collect behavioral observations in beef cattle exposed to various housing, handling and transport systems. Information will be used to outline voluntary production practices harmonious with humane care and animal well being. The project will be conducted at West Lafayette, Indiana in cooperation with Purdue University. Project Cost: $800,00.

* **Further Define Beef's Role In Human Nutrition,** NCA supports the President's request for better understanding of the human nutrition needs of children, the elderly, pregnant and lactating women and healthy adults. As outlined in our Food Nutrition and Consumer Services Testimony, NCA supports the move of funding, staff, and responsibilities of the Human Nutrition Information Service to ARS to ensure scientific accuracy and integrity of dietary recommendations.

* **Reduce The Possibility Of Violative Residues In Beef From Cull Dairy Cows,** Focus will be on priority compounds recognized as concerns by regulatory agencies and the beef industry. The research will provide rapid, inexpensive assays to detect residues. The project will be conducted at College Station, Texas. Project Cost: $700,000.

* **Plum Island Animal Disease Research,** NCA supports the renovation and construction of all Plum Island Animal Disease Research facilities necessary in order to establish Plum Island as a world class foreign animal disease research and diagnostic center. Of additional interest and priority is the research and development of a pre-clinical diagnostic test for foot and mouth disease, sheep scrapie and prevention of bovine spongiform encephalopathy.

* **National Animal Disease Center,** NCA thanks Congress for the appropriation of funds supporting the construction of a new necropsy/incinerator facility at the National Animal Disease Center, Ames, IA. NCA encourages Congress to support ongoing renovations to NADC to keep it a viable/effective research facility for animal disease.

Cooperative State Research Service (CSRS)

NCA has identified the following research projects as top priority for the beef cattle industry. Beef producers will continue to provide industry support (check-off dollars) for these projects during FY95 in the hopes that the previously approved Federal Special Grant; Beef Carcass Evaluation and Identification will be re-appropriated, balancing the funding needs of the research. The combined results of these projects will enable cattlemen to efficiently produce lean beef products while maintaining taste qualities.

Special Grant: Beef Carcass Evaluation and Identification-. Total FY95 Special Grant Request = $497,500
To date, monies used to support the grant's three research objectives include: Federal Special Grant FY92-94 $630,000
Producer check off dollars, $2,700,000.

Objective 1: To develop instrument assessment of carcass characteristics utilizing ultrasound technology.

Importance to Industry: An instrument grading machine functional at the point of slaughter will immediately determine true value differences between individual carcasses, provide distinct market incentives for producing lean, palatable beef products, and enable the industry to implement improved, efficient technological procedures during slaughtering/processing (i.e. hot fat trimming, hot carcass deboning, mechanical deboning).

Research Leader: University of Illinois, Dr. Jan Novakofski

Funding: Phase I of the project was completed in March 1994. Phase II will begin in the Fall 1994.
Funding sources: Producer Check-off Support $200,00/year FY92-94
FY95 Check-off Support $800,000
FY95 Special Grant Request = $100,000

Objective 2: To identify through bovine genome mapping, major genes effecting the palatability/quality characteristics of beef carcasses.

Importance to Industry: Once major genes have been identified, producers will be able to analyze a tissue and/or blood sample from a young calf and determine its carcass quality potential. This will enable the producer to better match efficient growing, feeding and marketing schemes with the genetic potential of the calf.

Research Leader: Texas A&M University, Dr. Jeremy Taylor

Funding: Five Year Project Totaling $1.65 million
Producer Check-off Support $150,000/yr. for 5 years = $750,000
FY95 Special Grant Request = $237,300

Objective 3: To quantify/qualify carcass trait information on live yearling breeding bulls.

Importance to Industry: To improve current National Sire Evaluation Programs, enabling producers to select young breeding bulls whose future offspring will produce carcasses uniform in muscle, fat deposition, and carcass quality.

Research Leader: University of Georgia--- Dr. Larry Benyshek;
Iowa State University---Dr. Richard Wilham

Funding: Four Year Project Totaling $796,290
Producer Check-off Support $150,000/year for 4 years = $600,000
FY95 Special Grant Request = $160,200

NCA supports the Forum For Animal Agriculture's Food Animal Intergrated Research (FAIR) priorities for FY95. NCA encourages CSRS to support the FAIR through the National Research Initiative, Chapter 1 Sustainable Agriculture Research and the Federal Grant structure.

NCA supports the National Research Initiative (NRI) and proponents efforts to seek FY95 funding levels of $130 million. NCA specifically requests that Animal systems under the NRI be funded at $37 million in FY95.

NCA would like to thank the President for including Animal Health and Disease Formula 1433 funds in the FY95 budget, and encourages Congress to support the grant of $5.6 million as proposed.

NCA encourages support for the National TB research Initiative under Animal Health and Disease Special Grant 1434, as outlined in the ARS testimony. The increasing international trade of livestock and animal products, the growing interest in raising exotic wildlife and farmed deer and elk, and the re-emergence of tuberculosis in the animal and human populations serve as examples of why the U.S. should maintain the 1434 Grant to fund TB research at $2 million per year for five years.

NCA supports the Food Animal Production Consortium and the special funding request of at least $2.5 million to support the Vision 2000; Economically Sound Pre-Harvest Food Safety Program. Land grant universities in California, Florida, Illinois, Kansas, Michigan and Nebraska have assembled research and problem-solving teams to develop and implement pre-harvest (on farm) food safety programs that are environmentally and economically sound. Implementation of the proposed programs will lead to prevention of contaminants entering the food chain and will result in high quality, safe food for consumers and international trading partners.

NCA supports the American Sheep Industry Association's (ASI) request that $500,000 be appropriated through a CSRS targeted special grant for a six-year study to measure and document the effects of sheep and cattle grazing on riparian and water shed areas. We propose the project be a collaborative effort between CSRS through Montana State University and ARS through the U.S. Sheep Experiment Station at Dubois, Idaho. The study would be conducted on 17 sections of ARS managed U.S. Sheep Experiment Station summer rangelands located in the Centennial Mountains in Beaverhead County, Montana, along Odell and Tom's Creek.

Extension Service (ES)

NCA supports the President's request for $5 million to support Sustainable Agriculture provided that $2 million be appropriated to support the Integrated Management Systems, Chapter 2, Title XVI, Subtitle B, Sustainable Agriculture Research and Education. NCA expects that Extension will develop a process for evaluating and funding meritorious project proposals consistent with practices followed under Section 3d of the Smith-Lever Act.

NCA considers the FY95 appropriation to be a critical first step toward the development and coordination of Integrated Resource Management (IRM) and Integrated Crop Management (ICM) programs for livestock and crop producers respectively. The IRM interdisciplinary team approach to solving producer problems is the critical part of sustainable agriculture. IRM projects of particular interest include the development of national, state and local programs, databases, decision support systems, and training materials that document and evaluate management practices that are sustainable production systems for all producers.

NCA supports the funding of the National Water Quality Initiative administered by the ES and all voluntary water quality programs outlined in the 1990 Farm Bill.

NCA supports the Nutrition Education Initiative and subsequent funding for each agency responsible as outlined in the President's budget.

ECONOMICS

NCA does not support the proposed merger of ERS and the National Agricultural Statistics Service (NASS) into the Agricultural Economics and Statistics Service.

National Agricultural Statistics Service (NASS)

The beef cattle industry is the largest sector of U.S. agriculture. Continued improvements in the allocation of funds and resources to improve the accuracy and timeliness of inventory and market livestock reports are crucial to cattlemen making major business decisions.

AGRABILITY PROJECT

WITNESS

MARKA GRATTET HAYES, NATIONAL EASTER SEAL SOCIETY

Mr. THORNTON. Our next witness, Marka Grattet Hayes on behalf of the National Easter Seal Society.

Welcome, Ms. Hayes.

Ms. HAYES. Thank you.

Mr. THORNTON. Your entire statement will be made a part of the record, and I would ask you to proceed as you choose.

Ms. HAYES. I appreciate that, sir.

Mr. Chairman and members of the subcommittee, my name is Marka Hayes. I am here today on behalf of the National Easter Seal Society to report on the tremendous success of the USDA Extension Service AgrAbility Project and recommend that fiscal year 1995 funding be increased to $2.85 million. With me is Randall Rutta. Randall is Vice President of Governmental Relations for the National Easter Seal Society.

Agricultural production is hazardous. Each year, approximately 120,000 agricultural workers experience injuries that limit their ability to perform essential farm tasks. Tens of thousands more become disabled as a result of non-farm injuries, other health conditions and the aging process.

Nationwide, over 500,000 agricultural workers have physical disabilities that prevent them from performing one or more essential farm tasks. Most of these individuals want to stay in farming and with some assistance the majority would be able to do so.

The personal perspective that I bring to the table is not that of a farmer but that of a person with a disability employed in an occupation that is of my choice. My disability did not define my choice of jobs for me. That means a lot to me.

Half of my workday is devoted to the AgrAbility Project. Every day, I celebrate the fact that because of AgrAbility, farmers with disabilities can choose to make their livings in agriculture. No longer does the presence of disability automatically mean that a farmer must give up farming or that a farm family must forfeit a rural lifestyle.

The AgrAbility Project was created to assist people with disabilities employed in agriculture. It links cooperative extension services with nonprofit disability service organizations to provide practical education and assistance that promotes independence in agricultural production and rural living. In just three years, AgrAbility has emerged as one of rural America's most valuable and cost-effective resources.

Currently, 14 AgrAbility projects serve 16 states: Colorado, Idaho, Illinois, Indiana, Iowa, Kentucky, Louisiana, Michigan, Minnesota, Montana, New Hampshire, New York, North Dakota, South Carolina, Vermont and Wisconsin.

Collectively, these projects directly assist hundreds of agricultural workers with disabilities, educate thousands of professionals working in agriculture on issues related to disability, health and vocational rehabilitation; generate awareness among hundreds of thousands of people through displays at state and county fairs, farm shows and conferences; produce useful materials and engage hundreds of volunteers in project activities to benefit rural families affected by disability.

Hundreds of individuals and groups receive information on accommodating disability in agriculture from AgrAbility Project's National Grant Program, which is carried out jointly by the National Easter Seal Society and Purdue University's Breaking New Ground Resource Center.

Last year, subcommittee members approved an appropriation of $2 million for the AgrAbility Project. This amount is continuing the 14 projects at 1993 funding levels and is enabling the USDA to initiate three new projects at about $85,000 per state. Funding limitations prevented eight other states from receiving consideration for AgrAbility Project participation.

The National Easter Seal Society believes that the AgrAbility Project is uniquely effective. Rarely does such a modest investment of federal funds generate so much relevant and practical education and assistance, particularly benefitting rural America.

The AgrAbility Project invests in people who, despite having disabilities are highly motivated to stay in food and fiber production.

The AgrAbility Project offers expert guidance on an array of practical, mostly low-cost solutions to accommodating disability in agricultural and rural settings. It fosters appropriate solutions to save millions of dollars that might otherwise be lost to reduced productivity or spent on injury-related care.

The AgrAbility Project promotes dignity, self-help and independence for farmers, ranchers and farmworkers with disabilities. It uses on-farm ingenuity in problem-solving, facilitates peer counseling and encourages neighbor-to-neighbor supports.

The AgrAbility Project promotes networking between public and private agencies to maximize assistance for people with disabilities working in agriculture.

The National Easter Seal Society and over fifty other disability, agriculture and health organizations strongly support the AgrAbility Project. Easter Seals is committed to the continued success of AgrAbility and urges you to allocate $2.85 million for the project in fiscal year 1995. This amount will expand the valuable work of existing projects and add at least six new programs in currently unserved states. Your support is critical.

Thank you for considering Easter Seals' views and recommendations. I would be pleased to answer any questions.

Mr. THORNTON. I want to thank you for your excellent testimony. I am familiar with a program which is designed to help to make farm machinery and operations accessible to those people who are disabled. Is that part of this program or is it separate from this program?

Ms. HAYES. I think you are speaking of Purdue, Breaking New Ground at Purdue University.

Mr. THORNTON. That is—they are doing it but there are also some federal supports for that, I believe.

Mr. RUTTA. That would be this program.

Mr. THORNTON. Accessibility to people with disabilities to the farm is very important to me and I deeply appreciate your testimony. It applies to people in my home state, even though we are not a participant in the program.

Mr. Myers?

Mr. MYERS. I am quite familiar with the Purdue program. I have been there to see what is going on there. They are doing a very fine job, helping a lot of people throughout the country, of course. Thank you for your testimony.

Ms. HAYES. Thank you.

Mr. THORNTON. Thank you for your testimony.

[The statement follows:]

Helping People with Disabilities Achieve Independence

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Statement of

MARKA GRATTET HAYES

on behalf of the

NATIONAL EASTER SEAL SOCIETY

regarding the

Status of and Fiscal Year 1995 Appropriation for the

USDA EXTENSION SERVICE AGRABILITY PROJECT

(Authorized as the "Education and Assistance Program
for Farmers with Disabilities")

before the

SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES

HOUSE COMMITTEE ON APPROPRIATIONS

April 13, 1994

EASTER SEAL RECOMMENDATIONS FOR FISCAL YEAR 1995 APPROPRIATIONS

The National Easter Seal Society appreciates the opportunity to report on the remarkable success of the USDA Extension Service AgrAbility Project and recommend that FY 1995 funding for the AgrAbility Project be increased to $2.85 million.

Agricultural production is one of the nation's most hazardous occupations. Each year, approximately 120,000 people working in agriculture experience injuries that limit their ability to perform essential farm tasks. Tens of thousands more become disabled as a result of non-farm injuries, illnesses, other health conditions, and the aging process. Nationwide, approximately 500,000 agricultural workers have physical disabilities that prevent them from performing one or more essential farm tasks.

For many of these individuals, the presence of a disability jeopardizes their rural and agricultural futures. Rural isolation, a tradition of self-reliance, and gaps in rural service delivery systems frequently prevent agricultural workers with disabilities from taking advantage of growing expertise in modifying farm operations, adapting equipment, promoting farmstead accessibility, and using assistive technologies to safely accommodate disability in agricultural and rural settings. Yet, with some assistance, the majority of disabled agricultural workers can continue to earn their livelihoods in agriculture and participate fully in rural community life.

The AgrAbility Project was created to assist people with disabilities employed in agriculture. It links cooperative extension services with nonprofit disability service organizations to provide practical education and assistance that promotes independence in agricultural production and rural living. In just three years, AgrAbility has emerged as one of rural America's most valuable and cost-effective resources.

Last year, AgrAbility projects in sixteen states assisted hundreds of farmers, ranchers, and others with disabilities and their families; educated thousands of professionals working in agriculture, health, and vocational rehabilitation; generated awareness among hundreds of thousands of people through displays at state and county fairs, farm shows, and conferences; produced useful materials; and, engaged hundreds of volunteers in project activities to benefit rural families affected by disability. Hundreds of individuals and groups received information on accommodating disability in agriculture through the AgrAbility Project's National Grant Program.

The FY 1994 appropriation for the AgrAbility Project was $2.0 million. This amount will support "level funding" for the existing fourteen projects, serving Colorado, Idaho, Illinois, Indiana, Iowa, Kentucky, Louisiana, Michigan, Minnesota, Montana, New Hampshire, New York, North Dakota, South Carolina, Vermont, and Wisconsin. It will enable USDA to initiate three new projects, at about $85,000 per state. New AgrAbility projects will be announced later this month.

Eleven states competed for FY 1994 AgrAbility funding, including California, Mississippi, North Carolina, Ohio, Pennsylvania, and Washington. Unfortunately, most of these states will be unable to participate in AgrAbility, due to insufficient funds. Despite its success, AgrAbility is helping only a fraction of the nation's agricultural community affected by disability.

The AgrAbility Project was established under the 1990 Farm Bill, which authorizes the Secretary of Agriculture to make grants to enable Extension Services to conduct collaborative education and assistance programs for farmers with disabilities through state demonstration projects and a national grant for training, technical assistance, and information dissemination to support state-level activities. The program combines agricultural know-how with disability expertise to provide people with disabilities working in agriculture with the specialized services that they need to safely accommodate their disabilities in everyday farm operations.

Under the statute, state and multi-state AgrAbility projects engage Extension Service agents, disability experts, rural professionals, and volunteers in offering an array of services, including: identifying and referring farmers with disabilities; providing on-the-farm technical assistance for agricultural workers on adapting and using farm equipment and tools; modifying farm operations and buildings; providing agriculture-based education to prevent further injury and disability; and, upgrading the skills of Extension Service agents and other rural professionals to better promote success in agricultural production for people disabilities.

In 1991, Congress allocated $1 million to initiate the AgrAbility Project to begin to assist farm families affected by disabilities. Since then, Congress has supported project expansion, allocating $1.5 million, $1.75 million, and $2.0 million in fiscal years 1992, 1993, and 1994, respectively. The allocation of current year (1994) funds is as follows: $1.664 million for 14 state-level projects; $176,000 for the national grant program, and $160,000 for USDA Extension Service administrative activities.

The authorization for fiscal year 1995 totals $6.0 million, representing $5.0 million for state-level activities and $1.0 million for nationally-coordinated training, technical assistance, and information dissemination.

The AgrAbility project is an excellent example of how a relatively modest investment of public resources can boost rural productivity and substantially improve the quality of life for thousands of rural Americans with disabilities. A brief description of selected project activities follows.

An estimated 5,500 Illinois farmers are injured annually, with approximately 200 of those injuries resulting in disabilities that affect future farm family income. The Illinois AgrAbility Project, called AgrAbility Unlimited, offers statewide information and assistance to farm families affected by disability. Project staff prepared and distributed a self-help guide for disabled farmers and agricultural workers, containing information on statewide resources for emergency relief, healing, rehabilitation and relearning, and integrating disability in agriculture. In 1994, the Illinois program is targeting assistance for older farmers who are experiencing age-related limitations, including arthritis, heart disease, and back problems, and are at greater risk of disabling injury. Approximately 45,000 or 50%

of working farmers in Illinois are over 55 years of age, and many continue to perform farm work into their 70's and 80's.

The Iowa Department of Public Health recorded more than 3,043 agricultural injuries in 1992, representing a substantial increase over the year before. For its part, the Iowa Easter Seal Society conducted 115 awareness presentations and displays on accommodating disability in agriculture over the past year, reaching nearly 220,000 farmers, agricultural professionals, and health care personnel. Sixty-six new farm families were referred to the project for on-site guidance and technical assistance, while 25 more families benefited from ongoing on-site support. Project staff responded to 1,500 requests for technical assistance via the telephone, mail, and direct consultation. Volunteer involvement in the Iowa project increased in 1993. Fifty-five people were added to the Ingenuity Network to provide assistance with disability accommodations and over 50 people with disabilities, who use assistive technology in farming, received training to serve as peer support volunteers.

At least 15,000 Minnesota farm operators have an existing disability that limits their ability to perform certain work-related tasks and causes difficulty with daily living. Recent injury surveillance studies suggest that 650 Minnesota farm residents experience a permanently disabling work- or nonwork-related injury each year. In its second year of operation, the Minnesota AgrAbility Project provided on-site assistance to 40 farm families, with staff generally visiting each family two or more times. In response to information requests, project staff provided over 11,000 photocopies of technology information, resource guides, newsletters, and other materials; approximately, 4,000 printed brochures, newsletters, and handouts were disseminated at presentations. In FY 1994, Minnesota project staff will expand assistance for migrant and minority farmworkers with disabilities; increase assistive technology education and information dissemination to rural residents; and broaden opportunities for consumer involvement and leadership through training and participation in a peer technology support system.

In the first nine months of FY 1993, the New York AgrAbility project, called FarmAbility, directly assisted 61 farmers or farm family members, conducted nearly 70 training sessions for rural professionals (reaching a total audience of 985 individuals), and responded to requests for information and assistance from 260 people. Thousands of New Yorkers participated in the project's awareness activities on farming and disability. In 1994, FarmAbility staff will collaborate with state and regional offices on aging to better assist elderly farmers, and workers compensation rehabilitation counselors to improve outreach to hired farmworkers with disabilities.

As many as 4,340 disabling injuries occur among Wisconsin farmers annually. Since 1991, the Wisconsin AgrAbility Project has directly assisted 150 farm families affected by disability, initiated a strong working relationship with the state vocational rehabilitation agency, and fostered ties with the Midwest Equipment Dealers Association, Deer Growers Association, dairy cooperatives, and other agriculture-related interests.

AgrAbility projects are attracting outside funds and developing linkages with other public programs, nonprofit agencies, and business interests. These ties are significantly extending the reach of AgrAbility efforts.

The Illinois Easter Seal Society, for example, secured two grants from the U.S. Public Health Service Office of Rural Health Policy for rural outreach activities that enhance AgrAbility Unlimited efforts. These grants will total nearly $1.0 million over three years. One grant supports training for FFA counselors, who will educate 4,000 rural Illinois children in disability awareness and farm safety. The second grant supports a 29-county outreach program to introduce older rural residents to potentially useful assistive technologies and independent living aids that promote self-sufficiency and enhanced quality of life.

Through the Easter Seal Society of Wisconsin's Resource Center for Farmers with Disabilities, disabled dairy farmers receiving services under the Wisconsin AgrAbility project are eligible for small emergency grants/loans to assist with the purchase of adaptive equipment, labor to replace an injured family member, or a tank of fuel oil. A grant of $15,000 from the Kraft Corporation established this revolving loan program. Project participants are encouraged to repay loans funds, if they are able to do so.

The AgrAbility Project strengthens rural America by investing in people who, despite having disabilities, are highly motivated to stay in food and fiber production. With project support, these individuals overcome disability-related barriers, work hard, and contribute much to the rural economy. Without support, such individuals might be forced out of farming into non-rural employment, underemployment, or joblessness.

The AgrAbility Project offers expert guidance on an array of practical, mostly low-cost, solutions to accommodating disability in agricultural and rural settings. It minimizes the likelihood that agricultural workers with disabilities will waste scarce resources on inappropriate approaches to solving disability-related problems or endanger themselves by using unsafe accommodations. Appropriate solutions save millions of dollars that might otherwise be lost to reduced productivity or spent on injury-related care.

The AgrAbility Project promotes dignity, self-help, and independence for farmers, ranchers, and other agricultural workers with disabilities. The project provides basic, personalized guidance on best methods for accommodating disability in agricultural production and the home. It utilizes on-farm ingenuity in problem-solving, facilitates peer counseling, and encourages neighbor-to-neighbor supports.

For example, Purdue University's Breaking New Ground Resource Center produced a videotape and training guide promoting rural business accessibility and compliance with the Americans with Disabilities Act. Although the lion's share of funds invested in this resource were not from AgrAbility, those served by the project - farmers, ranchers, and farmworkers with disabilities - stand to gain a great deal from the elimination of barriers in rural businesses, such as banks, coops, hardware stores, cafes, and supermarkets.

The AgrAbility Project builds community networks in rural areas to mobilize grassroots and volunteer support, coordinate service delivery, and help public agencies better reach their rural constituencies. Networking enhances the scope and impact of AgrAbility and related assistance in ways that are frequently less costly, better suited to agriculture, and more creative than city-originated approaches.

For example, the Wisconsin project's close working relationship with the Wisconsin Division of Vocational Rehabilitation has greatly benefitted AgrAbility project participants. In 1993, Vocational Rehablitation staff provided direct services to 15 AgrAbility project clients and referred 7 farmers with disabilities to the project for assistance. The value of Vocational Rehabilitation services and equipment provided to AgrAbility project clients totalled $52,700.

The National Society believes that the AgrAbility project is a unique and valuable resource to the nation's agricultural workforce. It enables thousands of disabled farmers, ranchers, and farmworkers to contribute to America's bountiful harvest. It has the potential to assist and empower thousands more.

The National Easter Seal Society recommends that the AgrAbility Project receive a FY 1995 appropriation of at least $2.85 million. This amount would continue existing projects and initiate at least six new projects in currently unserved states. This recommentation is well within $6.0 million authorization set by the 1990 Farm Bill.

The Budget and Appropriations Task Force of the Consortium for Citizens with Disabilities is also endorsing a $2.85 million appropriation for the AgrAbility Project in fiscal year 1995. The Task Force is comprised of thirty-five national advocacy groups, service providers, and professional associations which advocate on behalf of people with disabilities. Task Force members, including the American Foundation for the Blind, American Speech-Language-Hearing Association, Epilepsy Foundation of America, National Rehabilitation Association, United Cerebral Palsy Associations and Easter Seals, support the AgrAbility Project's practical and cost-effective approach to helping people with disabilities stay active in agriculture and rural community life.

Additionally, AgrAbility enjoys the support of major agricultural interests. Last year, groups, including the American Agricultural Movement, Equipment Manufacturers Institute, National Grange, National Milk Producers Federation, National Wheat Growers Association, and the Southeastern Poultry and Egg Association endorsed increased project funding. A similar call for increased AgrAblity funding is expected for FY 1995.

The National Easter Seal Society is proud to contribute to the ongoing success of the USDA Extension Service AgrAbility Project. As Subcommittee members, please act to ensure that this valuable extension service/disability organization partnership continues to serve rural Americans with disabilities and their families.

Thank you for considering Easter Seals' views on AgrAbility and recommendation that $2.85 million be allocated to the AgrAbility Project in fiscal year 1995.

USER FEES

WITNESS

KENDELL W. KEITH, PRESIDENT, NATIONAL GRAIN AND FEED ASSOCIATION

Mr. THORNTON. Dr. Kendell Keith, National Grain and Feed Association?

Dr. Keith, you are welcome. Without objection, your prepared testimony will be made a part of this record, and we invite you to proceed as you may choose.

Mr. KEITH. I will try to summarize it as quickly as possible, given the hour.

Mr. Chairman and members of the subcommittee, I am Kendell Keith, with the National Grain and Feed Association, and we appreciate the opportunity to present our views concerning the present proposal to amend the U.S. Grain Standards act to allow FGIS to charge $5 million in additional user fees to cover standardization activities.

We have a number of concerns and I would like just to summarize those concerns.

First, we philosophically believe that standardization benefits, especially for grain, are widely distributed and rightfully should be funded by government. We have a long history of involvement in this area, with the grain standards and user fees. Back in 1981 when user fees were proposed for supervision and administration, we did go on record supporting user fees to our industry because we believed they fit the mold of the beneficiary paying the bill.

We did support such fees with the proviso that there was a control factor for the industry to control costs in the agency.

But in the case of standardization activities, we cannot support the imposition of fees because we do not think it reflects the principle that beneficiaries pay. We see it more as reflecting an attempt to pass on government costs to a single sector simply because it seems that there is a convenient mechanism for doing so.

However, in the case of standardization, the primary benefit of standardization really is that it provides the marketplace an avenue for greater efficiency and in a competitive environment like the grain industry is, economic gains from efficiency are largely passed through to the final consumer.

A second concern we have on standardization fees at this stage is it is a very inopportune time because of the fiscal situation of the Federal Grain Inspection Service in general. They are struggling financially to remain solvent. In the last five years alone, we have seen the number of official domestic inspections fall 29 percent, mostly because of costs. They are trying to compete against the private sector and unofficial grades.

What this has caused is a substantial shrinkage in the industry base to support FGIS activities, whether it is for direct grading services or for standardization or for anything else for that matter.

We see today if these fees are imposed we think we will see a dramatic shift away from official services in the interior and largely throw the funding to the export sector. We think that is inequitable to the export sector. We also think it is inequitable from a commodity base standpoint because, for example, wheat only represents about 17 percent of U.S. production but it represents 33 percent of exports and so wheat would pay a sizeable portion of the bill.

A last item we think needs to be considered in this debate on standardization is what functions really should be included in standardization. Activities funded under this budget category have not always been determined solely by FGIS in the interests of pursuing standards. Congress has made special requests for funds for projects. Commodity groups have requested new testing procedures. Academic interests have requested new projects. These have all added costs to the standardization.

These things may be appropriate from the standpoint of pursuing standards long term when they are funded by government. We will leave that up to Congress to make that judgment. But we think that if we are considering passing these on in user fees to the industry we have to—the activities have to pass a test of what is relevant to the commercial marketplace today.

We see today that standardization activities are rather far flung in nature. The current standardization costs for grain exceed the standardization costs for all of the commodities that USDA has and set standards for. We would respectfully suggest that prior to any implementation of additional user fees that this standardization budget item be given a thorough audit by FGIS, the agency itself, Congress and our industry.

We think that those items that cannot be verifiably confirmed to contribute toward a consistent, reliable standard should be eliminated. In our view, grain standardization activities that are truly directed at the utility of commercial markets can be accomplished at a much lower cost than what we have in the budget today.

Thank you very much.

Mr. THORNTON. Dr. Keith, you summarized your statement very concisely and did not accent the section of your prepared statement which pointed out that fees might impact upon our export markets.

Mr. KEITH. Yes.

Mr. THORNTON. Do you have statistics or any documentation as to how such fees might affect our exports?

Mr. KEITH. No, we do not have documentation on that but literally if you look at export markets, what we do face on a day-to-day basis is a singular price out there that we have to meet. And it is a highly competitive market. We think there would be some share lost in those markets. We think it is ironic that we fund government programs to subsidize exports on one side and then we charge user fees that ultimately end up being a tax on exports on the other side. There has got to be a much efficient way to do business.

Mr. THORNTON. I appreciate that expansion of your testimony.

Mr. Myers?

Mr. MYERS. No questions. Thank you.

Mr. THORNTON. Thank you very much, Dr. Keith.

[The statement follows:]

National Grain and Feed Association

Statement of the National Grain and Feed Association

Before the
Subcommittee on Agriculture, Rural Development, FDA, and Related Agencies

Committee on Appropriations

U.S. House of Representatives

April 13, 1994

Mr. Chairman and members of the subcommittee, I am Kendell W. Keith, president of the National Grain and Feed Association (NGFA). We appreciate the opportunity to present our views concerning the Administration's proposed budget for the Grain Inspection, Packers and Stockyards Administration (GIPSA).

The NGFA is the U.S.-based nonprofit trade association for the North American grain, feed and processing industry. NGFA's membership consists of more than 1,000 grain, feed and processing firms comprising 5,000 facilities that store, handle, merchandise, mill, process and export more than two-thirds of all U.S. grains and oilseeds utilized in commercial markets. Our members represent the broad spectrum of users of the official grain inspection system, from farm gate to end consumer. Our membership also includes 37 affiliated state and regional grain and feed associations whose members included more than 10,000 grain, feed and processing facilities nationwide.

The NGFA strongly supports a uniform national grain inspection and weighing system. Grading uniformity, and contract uniformity achieved through the NGFA's administered system of trade rules and arbitration, are the foundation of a highly efficient grain market that delivers farm products to consumers at the lowest possible price.

Major Concerns With User Fees for FGIS Standardization Activities

We are most concerned about the impact of the President's proposal to amend the U.S. Grain Standards Act to allow FGIS to charge $5 million in additional new user fees "...to cover the costs of developing and revising grain standards." We oppose this proposal for the following reasons: **1)** The standardization activities of FGIS have very broad benefits to society including the consumer, industry and even government; thus, government appropriations remains the fairest method of funding; **2)** Substantial new user fees imposed in the current industry environment -- where use of official services is declining rapidly in interior locations -- would act as a tax on exports and seriously undermine the future viability of the official inspection

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system. This is poor strategy for public policy because exports are needed to build economic growth potential; **3)** Forcing the export sector to fund most of Standardization is inequitable not only to the export sector, but also among commodities, with the wheat sector apparently exposed to an unfair share of the cost burden; **4)** It is premature to propose new user fees prior to FGIS fulfilling its legal mandate to submit a comprehensive cost-containment plan to Congress by May 23, 1994; and **5)** As yet, no careful assessment has been made of specific "standardization" activities that are truly justifiable to maintain a set of grain standards that will facilitate trade and commerce. We firmly believe that the cost of government programs should not be shifted to user fee funding without a careful review of the continued necessity of such programs. Otherwise, we simply may be shifting the cost burden of inefficient government operations to the private sector, with no resultant decline in the overall level of taxation of the American public.

Standardization Benefits Are Widely Distributed and Should be Funded by Government

The NGFA has a long history of leadership in the nation's grain inspection and weighing system. When user fees were proposed for paying for FGIS supervision and administration activities in 1981, in addition to the direct costs of inspection and weighing services provided to users of the system, we supported such fees----with the inclusion of legislative language that permitted the industry some control over the level of FGIS overhead costs. Thus, unlike many other industries, our industry has been paying a high percentage of the operating and overhead costs for its government inspections (e.g., FGIS) for more than a decade. According to the Congressional General Accounting Office, current industry user fees account for 84 percent of the total costs of maintaining the official grain inspection system.

However, in the case of FGIS Standardization activities, we cannot support the imposition of additional fees on users of the official system. Doing so does not reflect the guiding principle that primary beneficiaries should pay. Rather it reflects an attempt to pass on government costs to a single sector of industry because there is a convenient mechanism for doing so. Standardization--and the distribution of its benefits to industry, consumers and society--is fundamentally different than FGIS activities that are direct services to those buying and selling. The beneficiaries of uniform grades and standards extend far beyond those that directly use official grading services. Congress recognized this in legislation (7 U.S. C. § 74 (a)):

> It is declared to be the policy of the Congress, for the promotion and protection of such commerce **in the interests of producers, merchandisers, warehousemen, processors, and consumers of grain, and the general welfare of the people of the United States, to provide for the establishment of official United States standards for grain, to promote the uniform application thereof by official inspection personnel......."** [Emphasis added.]

Greater market uniformity through Standardization provides an accurate, consistent system for objectively evaluating grains and oilseeds, which leads to a high degree of market efficiency. When market efficiency is improved in a highly competitive environment, efficiency gains are largely passed through to the final consumer in the form of lower prices. Farmers also tend to benefit by enhanced competition among buyers, making price bids more directly comparable.

Both consumers and farmers benefit, but how much do grain handlers and traders benefit? Probably less than either the consumer or the producer. Standards address both consistency (repeatability) and accuracy. Both consistency and accuracy (with minimum bias) are most important to the producer who wants to be paid on the basis of true value and to the end-user who wants to purchase on the basis of accurate valuations. In contrast, the merchant (the typical user of official grading services) that both buys and sells the commodity is mostly concerned with consistency, with grades being repeatable for both the buy- and sell-sides of the transaction. There is less importance attached to potential grading bias, as long as the grades are consistently applied.

Another beneficiary is the government itself. The Commodity Credit Corporation uses grain standards when issuing price support loans to producers and when storing and marketing government-owned stocks.

Given the very broad distribution of the benefits from standardization, and the fact that consumers (and thus taxpayers) receive the greatest benefits in the form of lower food prices, we believe that the bulk of the costs of FGIS standardization functions should be financed through government-appropriated funds.

User Fees for Standardization Will Tax Exports and Undermine FGIS' Future Viability

The Federal Grain Inspection Service is already struggling to remain financially solvent. The agency has ratcheted fees to higher levels causing a decline in the use of its services. With 1994 exports now expected to fall by 20% from 1993 levels, there is a real fear that the agency may again propose higher fees which will only exacerbate the problem. Documented in GAO's 1993 study, entitled "Grain Inspection: Industry Views on the Decline in Official Inspections and Inspection Costs," the use of FGIS services within interior grain markets of the United States has declined significantly. In the last five years alone (1987 through 1992), the number of official domestic inspections fell **29 percent**.

This decline in use of official services in interior markets has caused substantial shrinkage in the industry base to support FGIS activities. Thin operating margins are forcing our industry to be more cost-conscious, leading to many changes, including the use of less costly unofficial grades. As an example, according to GAO, the average cost of official grades on trucks is $9.59. With unofficial grades available at $3 to $5 per truck, a moderate-sized country elevator can save $5,000 to $6,000 annually if the buyer will accept unofficial grades.

FGIS is highly valued as a public service, but it is failing to effectively compete in markets as a private service. If substantial additional fees to pay for the FGIS Standardization budget are added to current fee structure, the shift away from official grading in interior markets will gain stronger momentum and ultimately force the entire burden of funding to the export sector. This outcome would, of course, be highly inequitable to the export sector, which today represents just 29 percent of total marketings of grains and oilseeds. The remainder comprises domestic marketings whose societal benefits to consumers already have been discussed. It also would be poor strategy for U.S. agriculture, because we must do a better job of competing in global markets if we are going to expand the potential for agriculture to earn income from markets and have less dependence on government subsidies.

Taxing exports to pay for standardization also appears highly inequitable from a commodity standpoint, particularly as it affects wheat. Total wheat production represents just 17 percent of total bulk grain markets within the U.S., but represents 33 percent of exports.

The upward spiral in costs that is forcing the shrinkage in the domestic users of FGIS services certainly threatens the long-term viability of FGIS as the provider of "official" services. But such a large fee increase imposed on the export sector could work to further erode the base. While we generally think of official grading services as being "voluntary" for domestic uses and "mandatory" for exporters, exporters are only required to use FGIS services if they are selling grain on the basis of U.S. grain standards. While nearly all exporters continue to use U.S. grades today, an increase of as much as 25% in fees could make it sufficiently attractive for some exporters to market grain without an official U.S. grade.

FGIS Cost-Containment Plan Should Precede A User Fee Decision

Our industry has long been concerned about the future viability of FGIS in meeting the needs of the market and providing cost-effective, competitive service. That reasoning led us to strongly recommend the legislative language passed in the FGIS reauthorization bill of 1993 directing the FGIS administrator to "...develop and carry out a comprehensive cost containment plan to streamline and maximize the efficiency of the operations of the Service (FGIS), including standardization activities, in order to minimize taxpayer expenditures and user fees and encourage the maximum use of official inspection and weighing services at domestic and export locations."

It is our understanding that FGIS is scheduled to release its findings on this streamlining and cost-containment effort on May 23, 1994 to the House Committee on Agriculture. We are hopeful that FGIS can devise a plan that will reverse the decline in the use of official services in the domestic market. While unofficial services have proven to be highly adequate, we believe that intermarket grading differences are minimized by maintaining an FGIS presence in the interior markets. We also expect this report by FGIS to offer a much streamlined standardization program that is better focused to meet the needs of the market, and is much less costly. We submit that the decision concerning appropriations versus user fee funding for standardization should be delayed until FGIS recommendations are made public. (New user fees should only be considered after all affected parties have had an opportunity to analyze the content and substance of the agency's cost cutting plan to ensure that it achieves the goal set forth in 1993 legislation reauthorizing FGIS.) FGIS has been given the responsibility by Congress to develop and propose a plan that will maximize its own ability to remain viable in the future. The agency deserves that opportunity.

What Functions Should Be Included in Standardization

Prior to the release of FGIS' cost-containment plan, it may be premature to draw firm conclusions as to what the budget item, "standardization" should include. However, we would like to take this opportunity to offer our preliminary perspective.

Activities funded under the budget category of "standardization" have not always been determined solely by the agency in the objective pursuit of grain standards maintenance. Congress has made special requests for research. Commodity groups have requested development of new testing procedures whose market relevance has been questionable. And academic interests have suggested new projects. These activities may be appropriate as "standardization" activities when funding is all coming from government. But the consideration of user fees raises new questions. (Frankly, some of these same questions should be addressed in the interest of the American taxpayer, with or without consideration of user fees.) What are those standardization activities that are key to commercial application of grades and standards in the marketplace? How are special outside requests for new activities (and potential cost increases) for "standardization" controlled? If the industry is asked to "pay the bill" for standardization, should industry be given the right to determine what standardization includes?

Currently, FGIS standardization activities consist of: 1) compiling and evaluating data to develop and to update grading and weighing standards; 2) developing or evaluating new methodology for determining grain quality and quantity; 3) providing reference standards for official grading methods; 4) reviewing official results through the use of a quality control and weight monitoring program; 5) conducting training and demonstration projects for such "outside" groups as farmers and students; 6) collecting information on foreign complaints; and 7) testing for pesticide residues; and other areas.

The rather far-flung nature of FGIS' current standardization activities raises a legitimate question about which activities should continue, particularly if user fees are seriously considered as a funding source. The costs of grain standardization also appears extraordinarily high compared to other commodities. The 1993 total USDA standardization costs for all other commodities (including: cotton, wool, mohair, dairy, fruit, vegetables, meat, poultry, live animals and tobacco) was $4.4 million. This compares to $7 million for grain standardization alone. We do not know the reason for this apparent large cost discrepancy for grain. But we suspect that there are many activities now funded as grain "standardization" within FGIS that for other commodities are being funded by other government agencies. For example, research on quality for non-grain commodities may be funded through the Agricultural Research Service. Activities related to foreign markets probably are being funded through the Foreign Agricultural Service.

Unquestionably, FGIS's current "standardization" activities extend far beyond "developing and revising grain standards." It is the NGFA's view that the principal objective of standardization should be to provide consistent, reliable and up-to-date standards that facilitate the orderly marketing of grain. If some industry segment believes new research into testing methods is needed, let that segment fund the research. In addition, if FGIS believes educational activities have value, they should be done on a user fee basis.

We also do not see a need for continued direct FGIS involvement in evaluating grain-testing equipment. Privately developed equipment should be submitted to FGIS with appropriate validated data provided by the developer. FGIS then should charge a user fee to the developer for reviewing and verifying the data. If new equipment is a true technological breakthrough and has value in the commercial marketplace, private developers will invest the necessary funds for research. This concept is well-established in other agencies of government, such as the Food and Drug Administration's procedures for approving new drugs and chemicals for the marketplace.

Conclusion

We respectfully suggest that prior to any implementation of additional user fees, the "standardization" budget item has to be given a thorough audit by FGIS, Congress and industry. Those items that cannot be verifiably confirmed to contribute toward consistent, reliable standards should be eliminated. And those functions for which direct and obvious beneficiaries can be identified, direct user fees should be assessed. It is our view that grain standardization activities that are truly directed at utility of the commercial marketplace can be accomplished at a much lower cost than the current FGIS standardization budget.

FOOD MARKETING CENTER AT ST. JOSEPH'S UNIVERSITY

WITNESSES

HON. THOMAS M. FOGLIETTA, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

REV. NICHOLAS S. RASHFORD, PRESIDENT, SAINT JOSEPH'S UNIVERSITY

Mr. THORNTON. I would like to invite Congressman Foglietta and Reverend Nicholas Rashford from St. Joseph's to come forward.

Colleague, it is a pleasure to see you. Welcome. You may proceed as you choose.

Mr. FOGLIETTA. Thank you, sir. Mr. Chairman and members of the subcommittee, I'm pleased to be here to introduce my good friend and mentor, Father Rashford.

Father Rashford is the president of my alma mater, Saint Joseph's College or, I'm sorry, that's when I went there it was Saint Joseph's College. It's now Saint Joseph's University in the City of Philadelphia.

I know that you are familiar with Father Rashford's proposal to establish a national center for food marketing at Saint Joseph's, and I thank you for your support for the proposal over the last three years.

It's been my belief that when completed, the center will serve as a tremendous resource to both farmers, farm cooperatives, and the United States Department of Agriculture.

I ask today your continued support of this project, and to provide the final allocation of funding needed for its completion in your fiscal year 1995 bill, and I thank you again for your assistance in the past, and look forward to your help and cooperation in the future.

Mr. THORNTON. Thank you very much. Mr. Myers?

Mr. MYERS. Father, you can speak at this point.

Mr. THORNTON. Yes, I know, but do you want to stay throughout the testimony?

Mr. FOGLIETTA. I would not miss Father Rashford's testimony.

Mr. THORNTON. Very good. Let me just begin, before introducing you, Father Rashford, to say that I believe it was Saint Joseph's that did an oral history on the seven members of the judiciary committee following the Watergate episode.

Ham Fish, Caldwell Butler, Jim Mann, Walter Flowers, Bill Cohen, Tom Railsback and I attended the thing, and we had quite a session, and I believe that you have that record of the deliberations of what was called the Fragile Coalition of four Republicans and three Southern Democrats who wrote the articles of impeachment.

So I want to visit your campus sometime and go through and review that oral history section.

Reverend RASHFORD. You would be most welcome.

Mr. THORNTON. We are very delighted to have you here, and I look forward to your testimony.

Reverend RASHFORD. Thank you, Mr. Chairman, for this opportunity to testify. While I realize that the committee has just put in a new tape, it is not my intention to utilize that whole tape. [Laughter.]

I will submit my written testimony for the record.

Mr. THORNTON. Without objection, it will be included.

Rev. RASHFORD. And summarize my remarks. First I would like to thank Congressman Foglietta, one of our proud alums for his kind introduction. He has been a tireless supporter for our center in food marketing.

Congressman Blackwell would also have been here except that he had a commitment today in Philadelphia that required his attention.

As you know, I have come before your subcommittee several times in the past to seek your support, and to update you on our establishment of the center for food marketing at Saint Joseph's University.

Mr. Chairman, several years ago we approached your subcommittee with a request for federal funds to match the funds that we were raising in the private sector to establish a center for food marketing at Saint Joseph's University.

Philadelphia has long been a national center for the food industry, and as a result, Saint Joseph's has become a recognized leader over these past 36 years in the food marketing research-oriented education.

Our department of food marketing, and the food marketing academy are both supported financially, and in real participation, by the food farm industry. First when we approached you, our vision was to expand our current programs in food marketing to become a true, national, academic and research center for food marketing to a partnership between our institution, the food and farm industries, and the federal government.

Mr. Chairman, your subcommittee endorsed our idea and provided funds through the CSRS of the U.S. Department of Agriculture to build a state-of-the-art food marketing research facility at Saint Joseph's.

I'm pleased to report that we do have a strong working relationship with CSRS, both in the planning of the facility, and in the programs that we will undertake there.

As you may be aware, the number of food marketing programs in this country seem to be in decline, and I believe this makes the role of, and the need for the center for food marketing at Saint Joseph's much more of a critical need.

The U.S. Department of Agriculture appears to be genuinely excited about the goals of the center of food marketing, and the capabilities of our institution with the help of the industry to achieve those goals.

In particular, the USDA is most happy with our proposed project for equitable product and price on the intercity food distribution system, and we are doing some interesting work there.

We are here today, Mr. Chairman, to ask for the last piece of federal funding for the center, $5 million, which combined with the $13.2 million of private dollars, will allow us to complete the center and get on with our program to make our nation's food industry more competitive here at home and abroad.

This new state-of-the-art facility, along with a partnership with industry and the USDA, has a chance to become the nation's center for excellence in food marketing. We think it will be a worthy choice for the federal investment that you have made.

I want to emphasize that the $5 million we are requesting today is the final federal allocation necessary to complete this project.

Thank you for your time, Mr. Chairman, and your past support. I might add to your opening comment that we have 2500 of our 30,000 alums that are law alums, and we have 140-some on the bench in one form or another, so that's why there is such a great interest in what's occurred.

But I would be happy to answer the questions that you might have.

Mr. THORNTON. It was really a pleasure to take part of that oral history proceeding, although it may have been another institution with the same name. Tom Railsback was the other gentleman who was present during those oral history recordings.

There was a great deal of interest as to how this major constitutional crisis could get to the point that it was resolved by seven members who had refused to express their opinions. All seven of us came to a conclusion based on the law and the evidence, and it seemed to me that the emergence of the so-called "fragile coalition" may have been the thing that made that issue resolve itself as it did.

Mr. MYERS. Kind of refreshing. I also wish we had more of that these days.

Mr. THORNTON. I also wish we had more of that these days, I really do.

Mr. MYERS. You had seven members?

Mr. THORNTON. Seven members came to the end of the judiciary proceedings without having announced how they would vote, and then the seven of us discovered that we were in that situation, met together, and found that we were all concerned about exactly the same problems.

The rest, as they say is history, and I don't usually spend much time referring to it.

I want to express my appreciation to you for being here. I would like to recognize Mr. Skeen, and also return the chair to our distinguished chairman, who has returned.

Mr. FOGLIETTA. Thank you very much.

Mr. DURBIN. I appreciate it.

Mr. SKEEN. Thank you for your deposition, and I appreciate you being here.

Rev. RASHFORD. Thank you, Mr. Skeen.

Mr. SKEEN. And I'm glad to have the history lesson.

Mr. DURBIN. Thank you very much.

Mr. FOGLIETTA. Thank you very much, Mr. Chairman.

[The statement follows:]

STATEMENT OF

FATHER NICHOLAS RASHFORD
PRESIDENT
SAINT JOSEPH'S UNIVERSITY

BEFORE THE
COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON AGRICULTURE
UNITED STATES HOUSE OF REPRESENTATIVES

APRIL 13, 1994

Mr. Chairman, I am Nicholas Rashford, President of Saint Joseph's University of Philadelphia. It is a pleasure to be appearing before your subcommittee again this year.

Mr. Chairman, I would like to begin by thanking you and your subcommittee for your support over the last four fiscal years for funding for our Center for Food Marketing. We are pleased and honored by your confidence in our proposal, and its potential to dramatically expand the reach of our food marketing program to farmers, farm cooperatives and the food industry both in our region and nationally.

Project Background and Description

Mr. Chairman, I know you are aware that for three decades Saint Joseph's University has played an important role in food marketing education. While our colleagues at land grant universities in Pennsylvania and elsewhere have worked successfully at improving U.S. agricultural production through research, Saint Joseph's has contributed to the advancement of the nation's agricultural economy by concentrating on the marketing of agricultural commodities and products. This was a natural undertaking for Saint Joseph's because of our location near the port of Philadelphia, one of our nation's most important points of commerce for agricultural and other products.

Mr. Chairman, over the years, the Saint Joseph's Department of Food Marketing has become the nationally recognized "academic home" of the U.S. food industry. Today, our Food Marketing Program is the only industry supported endeavor of its kind in the nation and is supported by a long list of food industry and farm-related companies and organizations.

The Department of Food Marketing conducts food industry research projects, farm industry marketing research programs, executive seminars, internships and cooperative educational and research programs among students, agricultural sector government officials, farms, and farm cooperative and food industry executives. The Department is the university's largest and still growing with 500 undergraduate students; 150 food company executives in the M.S. Food Marketing Program from nearly 100 companies; 250 executive M.B.A. students from the pharmaceutical industry. In addition, the Food Marketing Department educates many of the university's 1800 M.B.A. students.

Marketing and Food Marketing majors account for twenty percent of the University's undergraduate population and fifty percent of the students enrolled in the College of Business and Administration. More than 1,500 Food Marketing graduates have gone on to careers and leadership positions in the food industry.

The Department of Food Marketing houses the Food, Nutrition and Health Research Institute for the purpose of assisting food marketers to develop and deliver products and marketing communications that encourage sound nutrition and promote good health. The Institute is the only one of its size in the country with the following national probability sample surveys available for immediate access for analysis of individual records:

- National Health and Nutrition Examination Surveys (NHANES)
- Hispanic Health and Nutrition Examination Surveys (HHANES)
- NHANES I Epidemiologic Follow-up Study
- National Evaluation of the Program for Women, Infants and Children (WIC)
- Nationwide Food Consumption Surveys (NFCS)
- Continuous Survey of Food Intake Individuals (CSFII)

These data are used to examine food consumption behavior patterns, nutrient intake, and health status. Various problem definitions are addressed through analysis of the government nutrition surveys which provide input to strategic plans, product development, advertising claim substantiation, and target market research.

International Programs

One of the key dimensions of business education in the 1990s will be globalization, as an essential ingredient in strengthening America's competitiveness in the world's market place. The Department of Food Marketing has aggressively sought and successfully implemented international programs, providing a range of opportunities for students and industry alike. These include international marketing study tours; faculty exchange programs with University College, Cork, Ireland; and international food marketing strategy seminars, educational programs, and cooperative agreements with industry groups in Germany, the Dominican Republic, and Puerto Rico, and the old Eastern Bloc countries. The Department plans to expand its partnerships with institutions in Central and South America. These programs are designed both to prepare students for careers in a business world that is truly international in scope and to "build bridges" with new cultures and economies.

Industrial Support

Through the Academy of Food Marketing, Saint Joseph's has established strong industry ties which support the Food Marketing program in our placement of graduating seniors, academic programming, and scholarship support. A unique Board of Governors made up of chief executive officers and senior executives from industry provide direction, counsel, planning, and financial support to the Food Marketing Program. The Academy houses the Campbell Library, a depository of Food Marketing and Agricultural information.

The National Need for the Food Marketing Center

Mr. Chairman, we are convinced that a greater national focus on food marketing is vital to the health and welfare of American agriculture. The ability to produce agricultural goods efficiently is no longer enough. Food growers and producers must be aware of the desires of consumers and recognize how qualities can be tailored to demand, coordinating production decisions with marketing decisions and change. Individual farmers must become more directly involved in promoting their products. The marketing efforts of the agricultural/foods sectors will determine whether or not the U.S. can meet the challenge of satisfying changing consumer demand at home and capturing changing markets abroad.

We believe that the establishment of a Center for Food Marketing at Saint Joseph's University, built upon our nationally recognized food marketing program and longstanding partnerships with farmers and the food industry, can and will make a difference for the nation. It is our vision that the Center for Food Marketing will greatly expand our reach to more farmers, farm cooperatives, farm organizations and good producers, bringing to them the most innovative and up-to-date food and commodity marketing strategies and methods. We envision that the Center for Food Marketing will become a national resource for food marketing research, education, training, and information, working in close cooperation with U.S. Department of Agriculture and other agriculture research agencies.

The University's Board of Trustees and the Academy of Food Marketing Board of Governors are committed to the long term enhancement of food marketing research and education at Saint Joseph's University through the establishment of the Center for Food Marketing. The food industry's consistent, strong financial support over three decades is the best guarantor of continued support in the future.

The establishment of the Center for Food Marketing will enable a doubling of our graduate student body and of our faculty and research support staff. The incorporation of sophisticated telecommunications, conferencing, and translation facilities will allow us to reach a wide audience to enhance the competitiveness and profitability of the entire domestic food distribution network, from farmer to retailer.

Funding Requirements of the Center

Mr. Chairman, we believe that the Center for Food Marketing will help the U.S. Department of Agriculture meet its mission in the food marketing area. As a result, we are requesting that the Federal government join in partnership with our institution and the farm and food industries in financing the construction and equipping of the Center for Food Marketing. As you are aware, we intend to build a 100,000 square-foot facility to house the Center for Food Marketing and several related and supporting university units. The total cost of constructing and equipping this facility will be $25,874,000. Saint Joseph's

University and its industry partners will contribute $13,200,000 toward this cost. We are requesting that the federal government contribute a total of $12,700,000. Operational costs of the Center, one it is up and running, will be borne solely by the University, its Food Marketing program and its industrial partners.

Mr. Chairman, St. Joseph's has submitted its initial planning and architectural design phase as well as the initial environmental impact study and is awaiting USDA approval to move forward. We hope to begin initial construction activities in Spring of 1995 and continue construction until completion in the Fall of 1997. Toward the achievement of this objective, your Subcommittee already provided the Center with $600,000 in Fiscal Year 1991, $2.7 million in Fiscal Year 1992, and $2.3 million in Fiscal Year 1993 and $2.074 million in Fiscal Year 1994 through the Cooperative State Research Service facilities program. The FY91 funds were used for initial architectural and engineering activities and site preparation; as you know, the inclusion of this Subcommittee's FY92 funding support on the President's rescission list -- which was later rejected -- slowed our progress somewhat. So that we may move forward expeditiously with construction of the Center, we are hopeful that the Subcommittee will provide us with a final allocation of Federal funds -- in the amount of $5,000,000 -- in its FY 1995 bill. This final grant will allow us to move directly to the construction phase of the facility.

Thank you, again, for your continuing support of the Center for Food Marketing.

SOIL CONSERVATION SERVICE

WITNESS

BILLY R. WILSON, PRESIDENT, NATIONAL WATERSHED COALITION

Mr. DURBIN. Mr. Billy Wilson, National Watershed Coalition. Welcome.

Mr. WILSON. Thank you, Mr. Chairman and other members of the subcommittee.

I think you have a copy of my testimony there, and I won't read it word for word. I do have a couple of, kind of a summation that I want to read into the record here, but at this time, I would appreciate consideration of the full testimony being made part of the record.

Mr. Chairman, I will say that my congressman, your colleague, Mr. Synar, asked me to send his regards today as he knew I was going to be here.

The National Watershed Coalition is an alliance of 27 national state organizations and associations who directly represent more than 60,000 constituents nationwide. The National Watershed Coalition advocates total resource management using the small watershed concept when dealing with natural resources.

Further, the coalition supports the use of USDA's watershed protection and flood prevention program as one of the best vehicles for planning and implementing water resource protection measures.

The coalition is deeply concerned that the President's budget request indicates a drastic reduction in the fiscal year 1995 appropriation for the watershed and water resources activities of the soil conservation service.

We feel this only could have occurred from the administration's lack of a full understanding and appreciation for the diverse resource management opportunities available through this program. It is not consistent with the administration's commitment to conservation and natural resources protection.

While this program has been used primarily for flood prevention in the past, the regulations within this authority have always required installation of watershed protection measures in the uplands. This requirement has caused improved water quality in the many lakes and streams and small watersheds throughout America over the past 40 years.

In addition, this unique legislation permits the primary emphasis of the program to shift as our nation's priorities change. In the early years, flood prevention in the uplands was of a primary concern to our citizens and to their congressional delegations, to the emphasis was in that direction.

More recently, however, the use of the program has been directed towards our more immediate concerns of water quality improvement and erosion control. In fact, of the 76 small watershed projects approved since 1989, over 80 percent have been for nonstructural measures for watershed protection and water quality improvement.

In addition, the continuing need for increased flood prevention in upstream watersheds was fully evidenced by the floods of the summer of 1993, and this law contains the authority to combine the use of structural and non-structural approaches when this alternative offers the most economic and environmentally sound solution.

Therefore we at the coalition do not feel this is the time to cut the support for this proven program, but rather to increase it to strengthen our commitment to preservation of our natural resources.

The public is clamoring for more assistance with the water resource concerns, and this law has the broad authority to provide that support to them.

With that, Mr. Chairman, I would like to introduce my wife, who came along with me from Oklahoma today. She took some pictures I think while I was testifying. Her name is Carolyn, and I will answer any questions that you have.

Mr. WILSON. There she is, back there in the corner.

Mr. SKEEN. She moved on you.

Mr. WILSON. Yeah, I lost her. I've had her 27 years, though, so I will find her. [Laughter.]

Mr. DURBIN. She's back there keeping an eye on you.

Mr. WILSON. That's right.

Mr. SKEEN. I think you're the one who she keeps her eye on.

Mr. DURBIN. We appreciate your testimony. As you can tell from the figures in this year's bill as opposed to next year's administration request, there is a wide difference.

Mr. WILSON. Yes, absolutely.

Mr. DURBIN. Your request is even wider, so we are going to try to resolve this. Tomorrow we will be facing a vote on the floor, at least a motion to instruct that will ask us to cut even more spending which would have a negative impact on this subcommittee and many others.

We understand the importance of the work that's being done. I think we have a little different feeling about it than the folks down at Office of Management and Budgeting, so I'm hoping we can find some resources to help you out, and I appreciate your coming today.

Mr. WILSON. And you know, we understand that, but we need to set priorities. Even as we start thinking about cutting the budget, and we all support that—we need to reduce the deficit, there is no doubt about that—but there are some priorities that we need to set, what's important to this country.

Mr. DURBIN. Mr. Skeen?

Mr. SKEEN. We appreciate your testimony. Thank you for being here.

Mr. WILSON. Thank you.

Mr. DURBIN. Thanks a lot, Mr. Wilson.

Mr. WILSON. Thank you.

[The statement follows:]

NATIONAL WATERSHED COALITION

Billy R. Wilson
Chairman

MEMBERS

Nat'l Assn of
Conservation Districts

Assn of State
Floodplain Managers

Interstate Council on
Water Policy

Nat'l Assn of State
Conservation Agencies

Soil & Water
Conservation Society

Nat'l Assn of Flood &
Stormwater Mgmnt Agencies

Assn of State Dam
Safety Officials

Associated General
Contractors of America

Land Improvement
Contractors of America

Tombigbee River Valley
Water Mgmnt District

State Assn of
Kansas Watersheds

Oklahoma Conservation
Commission

Pennsylvania Division of
Conservation Districts

South Carolina Land Resources
Conservation Commission

Tennessee Assn of
Conservation Districts

Texas Soil & Water
Conservation Board

West Virginia State Soil
Conservation Agency

Alabama Assn of
Conservation Districts

Kansas Assn of
Conservation Districts

Mississippi Assn of
Conservation Districts

North Carolina Assn of Soil
& Water Conservation Districts

Oklahoma Assn of
Conservation Districts

South Carolina Assn of
Conservation Districts

Assn of Texas Soil & Water
Conservation Districts

Virginia Assn of Soil &
Water Conservation Districts

West Virginia Soil & Water
Conservation District Supervisors

STATEMENT OF
THE NATIONAL WATERSHED COALITION
PRESENTED TO THE
SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES
ON
FISCAL YEAR 1995 WATER RESOURCES APPROPRIATIONS FOR USDA, SOIL CONSERVATION SERVICE
APRIL 13, 1994, 5:00 PM

Mr. Chairman, and members of the committee, I am Billy Wilson, Chairman of the National Watershed Coalition. The Coalition (NWC) is an alliance of national and state organizations and associations who directly represent more than 60,000 constituents nationwide. NWC advocates total resource management using the small watershed concept when dealing with natural resources. Further, NWC supports use of USDA's Watershed Protection and Flood Prevention Program (PL 83-566) as one of the best vehicles for planning and implementing water resources protection measures.

On behalf of the twenty-seven member organizations of the Coalition, I want to take this opportunity to present our recommendations for FY1995 appropriations for the Small Watershed Program (PL 83-566).

The Coalition is deeply concerned that the President's budget request indicates a drastic reduction in the FY1995 appropriation for the watershed and water resources related activities of the Soil Conservation Service. We feel this could only have come about from the Administration's lack of a full understanding and appreciation for the diverse resource management opportunities available through this program. It is not consistent with the Administration's proposed commitment to conservation and natural resources protection.

While this program has been used primarily for flood prevention in the past, the regulations within this authority have always required

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installation of watershed protection measures in the uplands. This requirement has provided improved water quality in the many lakes and streams in small watersheds throughout America over the past 40 years.

In addition, this unique legislation permits the primary emphasis of the program to shift as our nation's priorities change. In the early years, flood prevention in the uplands was of primary concern to our citizens and to their Congressional delegations, so the emphasis was in that direction. More recently, however, the use of the program has been directed toward our more immediate concerns of water quality improvement and erosion control. In fact, of the 76 small watershed projects approved since 1989, over 80 percent have been for nonstructural measures for watershed protection and water quality improvement. In addition, the continuing need for increased flood prevention in upstream watersheds was fully evidenced by the floods of the summer of 1993, and PL 83-566 contains the unique authority to combine use of structural and nonstructural approaches when this alternative offers the most economic and environmentally sound solution.

Therefore, the Coalition does not feel this is the time to cut support for this proven program, but rather to increase it to strengthen our commitment to preservation of our natural resources. The public is clamoring for more assistance with their water resources concerns and Public Law 83-566 has the broad authority to provide that support to them.

For FY1995 appropriations, the National Watershed Coalition recommends the Committee increase the level of funding for these water resource programs for planning and implementation of important water quality improvement, watershed protection, flood prevention, and conservation projects:

PROGRAM	FY1994 CURRENT ESTIMATE	PRESIDENT'S FY1995 REQUEST (Funding in $ million)	NWC FY1995 REQUEST
River Basins	13.482	11.000	35.000
Watershed Planning	10.921	7.400	20.000
Watershed Operations			
PL 78-534	40.786	0.000	60.000
PL 83-566	172.500	25.000	250.000
Emergency Watershed Prot.	53.631	0.000	20.000
Wetland Acquisition	0.000	0.000	15.000
Project Rehabilitation	0.000	0.000	60.000
TOTAL	291.320	43.400	460.000

The funding levels of the past few years have not been sufficient to allow for serving all the requests for assistance from interested groups across the country. More and more local groups are seeing the need to take responsibility for managing their critical water resources, and they are increasing their requests for assistance in addressing these problems.

Many nonstructural watershed protection projects are proposed that, when implemented, will significantly decrease nonpoint source pollution resulting in improved downstream water quality.

River Basins - The level for this program should be increased to service the many states that have requested assistance with broad based planning to identify water quality problems and opportunities, prioritize them, and identify appropriate implementation program authorities.

Watershed Planning - SCS has been receiving many requests for watershed planning, especially with the emphasis now being placed on land treatment watershed protection projects for nonpoint source pollution control. Requests for providing assistance to disadvantaged communities has also been a high priority. Local sponsoring organizations are also requesting assistance with planning based on total resource management. (This watershed program with its interdisciplinary planning techniques is ideal for this.) Increased funding would enable a more rapid response to satisfy these needs.

Watershed Operations -

PL 78-534 - funds used to implement small watershed projects in the eleven watersheds authorized in 1946 in 15 states.

PL 83-566 - funds used to implement the multipurpose watershed projects planned through the watershed total resources management approach, projects in all states.

Emergency Watershed Protection - funds used to relieve imminent hazards to life and property caused by natural disasters, such as fires or floods.

The Coalition has reviewed the current status of this program, obtaining information from our membership, many local watershed sponsors and managers, and USDA Soil Conservation Service. After careful study, we have concluded that much work remains to be done through this program. Four years ago we were looking at an approximate 20 year backlog of planned projects given the level of funding at that time. Since then, we have seen this backlog reduced to about 15 years at the current rate of funding. The Coalition applauds the efforts of the members of this subcommittee during the past five years. We urge you to continue this kind of support for this important program to help with water quality improvement in our nation's lakes and streams, reduced flood damages, and rural water supply for farms, industry and communities, while at the same time helping to provide jobs to spur the economy.

A significant increase for watershed operations funds is needed to restore the program to the level demanded by the public, including funds for implementing the many new water quality improvement initiatives coming forth. Additional funds are also needed to address the backlog of projects that are awaiting funding. Due to reduced funding over the past 15 years, there are over 50 small watershed projects that have been reexamined to prove their economic and environmental viability, awaiting approximately $150 million federal funding for implementation, projects that were conceived by local sponsoring organizations who are committed to improving their common local problems. They have committed their state and local resources to completion of their share of the cost for this work and have obtained all needed land easements. The Coalition feels the federal government should continue to honor its commitment to these sponsors to help them complete their projects.

Wetland Acquisition - The 1990 Farm Bill added an authority in PL 83 566 to assist local sponsoring organizations acquire wetlands or floodplain easements to retain excessive floodwaters, improve water quality and provide habitat for fish and wildlife. However, this authority has never been funded. The Coalition has consistently requested additional funds be appropriated at this minimum level so this valuable tool can be utilized to address this critical national environmental concern.

Project Rehabilitation - Our nation's infrastructure is growing older. A significant part of that infrastructure is the flood protection dams and related structural measures installed in our upstream watersheds. Many of these structures can, if properly rehabilitated, continue to provide the benefits that downstream landusers have enjoyed over the years. Special funds need to be provided to assist these local sponsors bring these older structural measures to within today's standards for safety.

Respectfully submitted,

Billy Wilson

Billy R. Wilson
Chairman

FARM SERVICES AGENCY AND FOOD AND DRUG ADMINISTRATION

WITNESS

SUSAN BRIGHT, NATIONAL FAMILY FARM COALITION

Mr. DURBIN. Susan Bright of the National Family Farm Coalition. Welcome to the subcommittee. I see you are from Indiana, and I'm sorry Mr. Myers isn't here. As you leave, if you go next door, I think there are some folks from Indiana that are having a little reception.

Ms. BRIGHT. Okay. Thank you, Mr. Chairman, for allowing me to be here today. My name is Susan Bright and I do farm in Indiana with my husband. Unfortunately we both work off the farm to supply necessary cash flow, as well as affordable health insurance for ourselves and our children.

I'm going to just try to highlight some of the points in my testimony today and not read the whole thing.

I am here today on behalf of the National Family Farm Coalition, and I certainly do appreciate this opportunity to discuss our concerns for funding in the 1995 fiscal year.

Some of the things I'm going to be talking about is USDA reorganization including agriculture credit, mediation, crop insurance/disaster, appeals, minority outreach, and education, sustained agricultural research, and the recent USDA approval of what we know commonly as BGH.

On USDA reorganization, we are really concerned about the lack of clarity and the many important issues at stake in this reorganization. Our over-arching concern is that profitability of the farm sector must be restored. Commodity production should not be seen simply as an export product, but a vital and critical component of rural economy.

We strongly support the independent national appeals system that has been included in the Senate bill 1970. Yesterday I testified before the House agriculture committee in support of H.R. 4153 which would enable existing state mediation programs to expand their services far beyond farm credit to other USDA conflicts.

We feel that a mediation, a strong mediation component is very important in this effort in order to have a farmer-friendly USDA.

An agency-wide mediation and appeals system will help ensure that problems are addressed in a way that works best for the farmers, consumer and the government.

On federal crop insurance, we support the federal role in farm programs to help ensure that farmers themselves cushion the risk and not be vulnerable as well to reoccurring natural disasters. We seem to have had our share in the last three to five years.

In reviewing the USDA proposal on crop insurance, we need to be able to secure affordable coverage that will cover costs in a loss. It has always been kind of funny to me that I can insure my house for replacement cost value no matter what, but I have a real hard time insuring my crop to cover at least the cost of production, let alone the necessary expenses for my farm.

That's always been kind of a frustration, and yet we feel like crop insurance in the past at least has been very expensive.

The other thing with crop insurance that I feel real concerned about is beginning farmers and transitional farmers, trying to make transitions to more sustainable or maybe other crops other than corn, soybeans, wheat, things that don't have a real track record.

I sat in on a Senate hearing this morning, and they were talking about problems with crop insurance, and there was a lot of graft and corruption, and they were wanting mandates of four to ten years of records, and I don't have a problem with that on corn or soybeans.

But on our farm, we're trying to convert to maybe more produce, direct marketing types of things. I don't have a track record yet, and it may be four to ten years before I have one, so I just want to raise that issue in the crop insurance.

I think it's real important in making sure that we're not penalized if we do move to more sustainable practices as well as other crops.

We're concerned about what the level of what the government subsidy will be for the supplemental coverage, and is it going to be affordable, or is it going to be equally as hard to cash flow with, again, little feedback.

It just seems like whenever we have had a loss and we've tried to collect on crop insurance, I don't see how anybody could cheat those folks. I mean, they come out, they measure, they re-measure. You have to justify everything.

And so it is interesting to me how someone could submit false claims, especially at the numbers they were talking about this morning in the Senate.

Livestock, feed quality is another subject we think is real important in the crop insurance debate.

We're going to be submitting a proposal to the House agriculture committee for a farmer-owned grain reserve. It's an idea that we've had for several years where we could set aside a portion of our commodity that could be sold and turned over every year for purposes of quality, and yet it would be held off the market and kept to be sold in a disaster year to help protect the way, that we would be sort of self-insuring that wouldn't be at government expense.

Public outreach by USDA in disasters has been poor. There's an excellent book prepared by the Farmer's Legal Action Group to help farmers work through this. I think you may have a copy, but just in case, I brought copies along, and we wanted to highlight this as a real possibility that USDA could work in combination with other foundations or other groups to show real cooperation here, to make this information accessible to farmers.

We don't feel like—we feel like this is what USDA should be doing, that they should be putting this information, that farmers would get the information from USDA on their own programs.

On agriculture credit, farmers home administration, the family farm coalition supports the farmers home direct operating loan funding level in the fiscal year 1994. We continue support increases in direct lending program and appreciate your efforts to clarify the cost to the taxpayer of the guaranteed loan program.

We do oppose the Clinton administration proposed cut, and request that the funding level for direct operating loans be increased to $950 million to meet continued need. We also urge increases in direct farm ownership up to a million dollars, and a million dollars in funds for guaranteed farm ownership interest assistance programs.

Under agricultural mediation programs, the Family Farm Coalition continues to support the federal match for state mediation programs. As I mentioned earlier, we support the broadening of mediation services in H.R. 4153 and other types of conflicts within USDA.

The participation of other government agencies, most notably farm credit and the small business administration is very important to the success of this other mediation program.

We urge the subcommittee to appropriate at least $5 million for fiscal year 1995 for this mediation matching program.

The 1990 farm bill establishes a new program to expand outreach and education to minority farmers through community-based organizations and educational institutions. This program is one step in addressing the crisis of minority land loss facing this country.

We strongly urge you to appropriate the $10 million authorization level for fiscal year 1995 to increase the needed outreach in regions across the country.

The Family Farm Coalition strongly urges the subcommittee to appropriate funds for the new programs established in the 1990 farm bill that establish new directions in both basic and applied agricultural research.

A key component is the dissemination of information to farmers and consumers nationwide. Among these is a sustainable agriculture research and education.

The Food and Drug Administration, we want to raise concerns about the Food and Drug Administration's recent approval of what is mostly known, commonly known as BGH. They issued a confusing and illogical proposed guidelines and labeling of BGH in mid-February with only one month for public comment. Four thousand and three comments have so far been received.

F.D.A.'s response to these comments is essential so as to retain the consumer's faith in our food supply, and the ability of dairy farmers and processes to continue producing milk without BGH, and be able to sell it.

Declining dairy consumptions are a major concern due to uncertainty over whether the product has been produced with BGH. We urge this subcommittee to require FDA to respond to the public outcry over the labeling guidelines, and to change them.

The FDA should be required to pursue the development of a test that can differentiate between cows injected with BGH and those producing it naturally.

On behalf of the Family Farm Coalition, I urge you to fund these priority programs for fiscal year 1995. While family farmers try to survive in the 1990's, these are programs that make a difference in our lives.

Whether it is access to FmHA credit, mediation of disputes, or outreach to minority farms who are being ignored in the delivery of USDA programs.

We remain concerned about the negative effects of the North American Free Trade Agreement and the impending General Agreement on Tariffs and Trade in the area of food safety and inspection.

Thank you again for this opportunity.

Mr. DURBIN. Thank you, Mrs. Bright. Do I take it from your testimony that your coalition believes there is some danger attached to this bovine growth hormone?

Ms. BRIGHT. Well, we think there hasn't been clearly and fully settled that it is safe, I think more than accusing it of being unsafe, and so we feel like until that is finally and soundly resolved, we would like to see a labeling so that we as consumers can choose.

Mr. DURBIN. You must have some suspicion in your mind that it is not safe.

Ms. BRIGHT. Yes, sir, I do personally.

Mr. DURBIN. And what is that based on?

Ms. BRIGHT. I don't have a dairy, but we have beef cattle on our farm, and over the 20 years that we've been there, any time we've ever injected our cows or our calves, whatever, with growth hormones of any kind, there has always been some side effects.

And yet, you know, you see this when you handle and you work with animals on a daily basis. I've even taken some of my concerns to animal specialists at Purdue, not to pick on Purdue, but because they are there in Indiana, and you don't get any response because they say, well, you can't verify that. You don't have any accurate clinical data.

You know, I'm not a scientists, I'm a farmer, but I'm there everyday. I know what I see, and just with that kind of background.

My other thing was that we don't have shortage of milk in this country. We didn't need BGH, and it personally offends me that these companies spent all these millions of dollars on research of something we didn't need.

There is a whole lot of other things out there they could have, and that's just my own little narrow-minded opinion, but you asked.

Mr. DURBIN. Well, I certainly agree with your last point. I don't understand why they developed it.

I will say that I have confidence in the FDA, and I think they were very careful in the way they assessed this and found that this hormone was naturally occurring, so it was impossible in milk product to differentiate between milk from cows that had been injected, and cows that had not been injected.

And to suggest that there is concern, enough concern to label really raises a question in consumers' minds about safety. If it is unsafe, it shouldn't be allowed under any circumstances, and if it is safe, it shouldn't be treated as unsafe.

Ms. BRIGHT. Right.

Mr. DURBIN. So we're kind of in a tough position, and I understand your feelings because I hear them from my family and staff, but the other concern I have is that some of the questions that have been raised about the milk supply by critics of BGH do a great disservice to dairy farmers across America.

The suggestion that this will somehow lead to more antibiotics in milk, it's a very, very unfortunate suggestion. Milk currently is tested three different times.

Ms. BRIGHT. And it's not an antibiotic.

Mr. DURBIN. So that is not a problem that is really a threat to anyone, so we are trying to do the responsible thing here, and I understand you are too, and I thank you for coming out here and joining us today. We appreciate it.

Mr. Skeen?

Mr. SKEEN. Thank you, Mr. Chairman, and Ms. Bright, I appreciate your concern. I'm in the livestock business, sheep and cattle, and one of the reasons why they developed the hormone was not to increase the production of milk, but it was to enable most dairy farmers to reduce the size of their herd because it is so costly.

In other words, it gives them a little better margin of cost return. You don't have to buy as much feed and so forth. For the same amount of feed, they can use it on less cattle. That was one of the reasons why.

I share the concern, but we've got to find some way of convincing the American people that everything that's done to the livestock isn't necessarily as crude or a or a threat to them, and that's just what we've been talking to the Food and Drug Administration, and to the departments of agriculture that deal with this thing.

We need a voice that says the risk assessment has been done, and we can assure you that it is safe or not safe, because right now there is a reluctance on the part of the department to come out and say we've done the tests and it is a safe product.

We Americans have had so much of gloom and doom and fearmongering over almost every facet of our lives, particularly when it comes to agriculture. Only two percent of the folks in this country are producing food and fiber for this country. That's a pretty small bunch, but we do a doggone good job of keeping the other 98 percent happy.

Ms. BRIGHT. Pretty well-fed.

Mr. SKEEN. Yes, ma'am. May I ask you a question? How did you come to get in the farming business?

Ms. BRIGHT. My folks are farmers. My dad's never had another job and I grew up on a farm, and I married a farm boy.

Mr. SKEEN. So it's all through the family.

Ms. BRIGHT. Well, we bought our farm 20 years ago.

Mr. SKEEN. You bought your farm.

Ms. BRIGHT. We didn't inherit it, and we struggled all by ourselves.

Mr. SKEEN. I can understand that. I have a family operation, but our family never heired it to anybody. We had to buy it.

Ms. BRIGHT. Yes, well, you see, my folks are very actively farming.

Mr. SKEEN. Sure.

Ms. BRIGHT. And so they weren't ready 20 years ago for us to take over, and our folks both are big grain farmers, pretty much solely grain, and we wanted to farm livestock and grain, kind of a diversified farm, and we do farm differently than they do.

Mr. SKEEN. It's such a remunerative business, if it wasn't for the way of life, I think we would find something else to do.

Ms. BRIGHT. Exactly.

Mr. SKEEN. I appreciate this very much because you speak from the heart of the family unit which I think is one of the basic units in our agricultural system, and that's why a lot of people stay in the business.

Ms. BRIGHT. Right. That's why we both work off the farm to stay there.

Mr. SKEEN. And that's a horrible indictment. Most farmers and ranchers have other jobs to support their agricultural home. Thank you very much. Thank you, Mr. Chairman.

Ms. BRIGHT. Thank you.

Mr. DURBIN. Thanks for joining us.

[The statement follows:]

NFFC National Family Farm Coalition
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TESTIMONY OF SUSAN BRIGHT ON BEHALF OF NATIONAL FAMILY FARM COALITION BEFORE THE HOUSE APPROPRIATIONS COMMITTEE, SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, AND RELATED AGENCIES: April 13, 1994

My name is Susan Bright. I farm with my husband in Indiana. We also both unfortunately work off-farm to provide necessary income and to ensure that we have affordable health insurance for ourselves and our teenage children. We are full-time farmers and full-time off-farm workers struggling to survive in rural America. Our Chapter 12 bankruptcy enabled us to maintain our farming operation as we paid off our creditors. We have emerged from bankruptcy but farm prices are still so low that we cannot farm full-time and make a living which is our goal.

I am testifying here today on behalf of the National Family Farm Coalition (NFFC), an organization comprised of 39 rural advocacy and farm groups in 30 states. I appreciate this opportunity to discuss our concerns for FY 1995 funding.

My comments today focus on these important areas - USDA reorganization including agricultural credit, mediation, crop insurance/disaster, appeals, minority outreach and education, sustainable agriculture research, and the recent FDA approval of Posilac or recombinant Bovine Growth Hormone (rBGH)

USDA REORGANIZATION AND APPEALS SYSTEM:

As farmers and farm advocates from around the country, we know that there have been serious problems with USDA delivery of farmer services. We hope this will change but are concerned about the lack of clarity about many important issues at stake in the current reorganization. We have raised questions about the real impact of the new Farm Services Agency. Will rural borrowers be provided improved service when the FmHA farm programs are in the Farm Service Agency (FSA) while the Housing programs are under Rural Development? Will there be the level of re-training of both the new Committees and staff that is necessary to implement policies? Is there a commitment by USDA to retain necessary staffing and eliminate costly contracting-out before employees numbers are reduced? Will the labor unions that do represent USDA workers continue under their new titles or will they be forced to expend resources to "re-organize" the same workers who have now been "re-organized" into new boxes but have basically the same functions? Our over-arching concern is that profitability of the farm sector must be restored. Commodity production should not be seen as simply an export product but a vital and critical component of our rural economy. Strategies for increasing the viability of our rural communities are essential and must include the role of the farmer.

We strongly support the independent national appeals system that has been included in S. 1970 - the Senate passed reorganization bill. It fixes years of problems with the current FmHA appeals system and expands it to other adverse decisions within USDA. Yesterday, I testified before the House Agriculture Committee in support of H.R. 4153 which would enable existing state mediation programs to expand their services beyond farm credit to other USDA conflicts. This is important to help resolve conflicts and ensure that USDA is in fact "farmer-friendly". With efforts to streamline and inject sensible decision-making into the agency operations, it only makes sense to provide mediation as a proven method of resolving conflicts as early on in the process as possible. A agency wide mediation and appeals system will help ensure that problems are addressed in a way that works the best for the farmer, consumer, and the government.

Training at USDA is essential for employees and farmer borrowers. As a FmHA County Committee member, I know we have new and changing roles but have received no training. We urge USDA to prioritize their outreach to farmers and their training programs to clearly explain the agency policies so that farmers can once again turn to local offices for assistance. Right now they seem more interested in remodeling offices than making programs work properly.

FEDERAL CROP INSURANCE

NFFC supports a federal role in farm programs to help ensure that farmers themselves can cushion the risk and not be as vulnerable as we all are to recurring natural disasters. Unfortunately we suffer from both natural and policy disasters all too often. Last year when farmers in Indiana had a record crop, we didn't see any significant increase in our price for our commodity. As we brought our corn to the elevator, the prices stayed at their low summer level despite reports of devastation across the corn belt. The low loan rate meant that we couldn't store our grain and market it post-harvest or when prices had risen in the market. Farmers didn't benefit, nor did consumers - only the Cargills and Con-Agra's who were moving our grain at that stage. They bought cheap and could sell higher. They profitted while many family farmers remain on the brink of economic collapse.

As we have been reviewing the USDA proposal on crop insurance, we have some basic questions. Family farmers are the first to agree that the current system of unaffordable crop insurance premiums and forced annual intervention by Congress to pass a "disaster" bill is just not sustainable. We need to be able to secure affordable coverage that will cover costs in a loss. I have replacement cost coverage for our home but could be faced with a situation of not being able to cover insurance above 50-60% for my crop which is my primary income.

1) What is the level of the government subsidy that will continue to be provided to the crop insurers to fund the "supplemental" coverage?

2) While we understand that the $50/commodity or $100/maximum per farm is just an administrative fee, we question whether it should be this low or should be based on acres or bushels and be collected on a sliding scale from all farmers. This would result in less direct cost to the government of operating the program and hopefully avoiding the constant pressures to cut the catastrophic protection.

3) Is there any sense of what the rates will be like? Will farmers be able to cashflow these levels any better than the current system?

4) What about issues that directly affect livestock producers such as quality of feed such as hay? Is there a way to fix the inadequacies of the current system in the context of this crop insurance debate?

NFFC will submit a proposal to the House Agriculture Committee for a Farmer Owned Grain Reserve that could help farmers insure themselves with their own commodity in case of a disaster above the catastrophic level already proposed by USDA. This would be kept isolated from the market, the storage facility expense could be cost-shared with the government in exchange for receiving the farmer, lower than commercial rate of storage. Our sense is that this would do more to maintain farm income in times of disaster since the grain could be sold.

1993 Disaster Experience: We know that there were failures within the government last year in the delivery of the disaster programs - not just USDA, but FEMA, Dept of Labor, and others agencies. These will cost many farmers and their rural communities for years to come.

Public outreach by USDA was poor. Town meetings were promised in the fall to help explain options available to farmers under the different government disaster programs but never materialized. We recognize the need to reduce unnecessary reports and publications but there was not one comprehensive up to date guide available on disaster programs. Farmers need guides to decipher the maze of available government programs and different deadlines to meet. Questions need to be answered. An excellent book was prepared by Farmers Legal Action Group (FLAG) with foundation and farmer support. Efforts were made by us to encourage USDA to publicize the manual's availability to farmers and to distribute it to all agency personnel. This could have been and still could be integrated into a public-private effort to get the information out in a timely way if there is real cooperation at USDA. We need farmer guides to make the issues and programs accessible to all USDA users.

AGRICULTURAL CREDIT:

Farmers Home Administration: The NFFC strongly supports the FmHA direct operating loan funding level included in your FY 1994 bill and hopes farmers will in fact receive operating funds during the upcoming months. For many farmers the combination of last year's floods in the Midwest and drought in the Southeast make this year's planting and credit options particularly problematic. We continue to support increases in the direct lending program and appreciate your efforts to clarify the costs to the taxpayer of the guaranteed loan program.

We oppose the Clinton Administration proposed cut and request that the funding level for direct farm operating loans be increased to $950 million to meet continued unmet need. We also urge increases in direct farm ownership - up to $100 million and $100 million in funds for the guaranteed farm ownership interest assistance program. We recommend $400 million in guaranteed farm ownership and $400 million in guaranteed operating loans with interest assistance. We urge that funding levels for guaranteed operating loans be consistent with real demand so as not to hinder the funding of other programs.

Agricultural Mediation Programs: The NFFC continues to support the federal match for state mediation programs. The 18 state programs have shown to be very effective during the past seven years in enabling farmers and their creditors to resolve differences which reduces both government and farmer losses. As I mentioned earlier, we support the broadening of mediation services (H.R. 4153) to other types of conflicts within USDA if the state program chooses to expand their program. The participation of other governmental agencies, most notably Farm Credit System and the Small Business Administration is very important to the success of the mediation process.

We urge the Subcommittee to appropriate at least $5 million for FY 1995. This level would accomodate increases in demand resulting from the recent lifting of the suspension on FmHA foreclosures since March 1993 and other needs resulting from the current USDA reorganization.

Minority Outreach and Education: The 1990 Farm Bill established a new program to expand outreach and education to minority farmers through community based organizations and educational institutions. This program is one step in addressing the crisis of minority land loss facing this country. We strongly urge you to appropriate the $10 million authorization level for FY 1995 to increase needed outreach in regions across the country.

SUSTAINABLE AGRICULTURE INITIATIVES:

The NFFC strongly urges the Subcommittee to appropriate funds for new programs established in the 1990 Farm Bill that establish new directions in both basic and applied agricultural research. A key component is the dissemination of this information to farmers and consumers nationwide.

Sustainable Agriculture Research and Education (SARE): We urge funding for the Sustainable Agriculture Research and Education program (SARE) at $30 million. The SARE/LISA program has been funded since 1988, yet continues to provide funding for less than 10% of the eligible programs. It is a unique initiative and partnership between farmers, research, non-profit organizations and educational institutions that needs to be expanded significantly during the next year to lay the groundwork for more extensive policy debate and changes in the 1995 farm bill.

FOOD AND DRUG ADMINISTRATION:

I want to raise our concerns about the recent FDA approval of Posilac produced by Monsanto and known as Bovine Growth Hormone. FDA issued confusing and illogical proposed guidelines on the labeling of rBGH products in mid-February. With only one month for public comment, 4,003 comments have so far been entered into the FDA computer. FDA's response to these comments is essential so as to retain the consumer's faith in our food supply and the ability of dairy farmers and processors to continue producing milk without rBGH and to be able to sell it.

Declining dairy consumption is a major concern due to uncertainty over whether the product has been produced with rBGH. This coupled with some production increases due to rBGH use could devastate all dairy farmers. Unlike the 1980's when taxpayers paid the price of the U.S. failed dairy policy, it will be all dairy farmers - whether using rBGH or not in their dairy herds who will face increasing assessments or taxes on their entire milk production to pay for the increased government purchases.

Another important concern is FDA's failure to respond to important issues raised in the August 1992 GAO report on both animal and human health impacts. NFFC urges this Subcommittee to require FDA to respond to the public outcry over the labeling guidelines and to change them. FDA should be required to pursue the development of a test that can differentiate between cows injected with rBGH and those producing BGH naturally.

CONCLUSION:

On behalf of the NFFC, I urge you to fund these priority programs for FY 1995. For family farmers trying to survive the 1990's, these are programs that make a difference in our lives - whether it's access to FmHA credit programs, mediation of disputes or outreach to minority farmers who have often been ignored in the delivery of USDA programs. We remain concerned about the negative effects of the North American Free Trade Agreement (NAFTA) and the impending General Agreement on Tariffs and Trade (GATT) in the area of food safety and inspection. Both FDA and USDA play an important role in ensuring that confidence in our food supply is not further shaken due to international trade agreements.

Again, I thank you for this opportunity to present our concerns and would be happy to answer any questions.

ECONOMIC RESEARCH SERVICE AND FOREIGN AGRIULTURE SERVICE

WITNESSES

ABNER WOMACK, CODIRECTOR AND PROFESSOR, FOOD AND AGRICULTURAL POLICY RESEARCH INSTITUTE, UNIVERSITY OF MISSOURI

RONALD D. KNUTSON, DIRECTOR AND PROFESSOR, AGRICULTURAL AND FOOD POLICY CENTER, TEXAS A&M UNIVERSITY

CHARLES W. FLUHARTY, FOOD AND AGRICULTURAL POLICY RESEARCH INSTITUTE

Mr. DURBIN. The next panel from the Food and Ag Policy Research Institute is Abner Womack, Chuck Fluharty, and Ronald Knutson. Thanks for joining us today. Is it drying out a little bit in Jeff City?

Mr. FLUHARTY. Unfortunately it's still raining a little bit.

Mr. DURBIN. Oh, I'm sorry to hear that.

Mr. SKEEN. Please just move that a little bit west, Mr. Chairman.

Mr. DURBIN. Yes, I know you could use it in New Mexico.

Mr. SKEEN. We can take all the flood water everybody else has got.

Mr. FLUHARTY. We better start a pipeline service over in your direction.

Mr. SKEEN. All right.

Mr. FLUHARTY. We've got too much.

Mr. DURBIN. We're going to put your entire statement in the record, and if you would like to highlight it at this point, we would sure appreciate it.

Mr. FLUHARTY. Thank you, Mr. Chairman, for the opportunity to appear before your committee, and also a special thanks for taking time to come out and visit us in Missouri last week. I enjoyed your session.

I represent one member of a team of universities in the Food and Ag Policy Research Institute. I'm also a former employee of the USDA in the Economic Research Service for about ten years, and my testimony today largely is on behalf of ERS and its companion agency, the FAS, the foreign ag service in USDA.

Our policy work at the universities is very dependent on these agencies, and the land-grant universities are substantial users of both agencies, and it also remains a very strong training ground for many diverse areas of social science that we are less likely to find academic walls built in the ERS that we sometimes have in the university system.

But I have gathered from the hillside over time that ERS seems to have fallen in disfavor, especially in the last few years with some Hill staffers. I am pretty certain if their support should be discontinued, that in my opinion, it would be necessary to re-establish such agencies at a later time, and I think that part of the problem seems to be visibility.

From my days in the Economic Research Service, I can remember when we were much more visible on the Hill, and part of my thesis is that I would recommend that given the direction that things have gone with regard to ERS and the relationship on the

Hill, that we attempt some creative thinking both on the side of USDA and the Hill that would improve this situation.

I have considerably more detail in my paper with regard to this issue. Thank you.

Mr. DURBIN. Thank you. Yes, sir.

Mr. KNUTSON. I'm Ron Knutson, and I'm pleased to have the opportunity to discuss the role and utilization of ERS, FAS and NAS data in the work that we do.

We're part of a network that works with FAPRI to respond to congressional requests for analyses of the impact of the farm program changes, and the network depends very heavily on ERS data and FAS data to initially start with analysis at the international level, work down to the national level, and then in our work at AFPC, look at the farm level impacts of proposals before the congress.

As indicated, we work with FAPRI at Missouri and Iowa State. We are also beginning to work now with Arizona State, work with Cornell University in the area of dairy to develop analyses of impacts of policy changes and really could not do our representative farm work.

And you will notice that in Figure 1 of my testimony that we have rep. farms, 80 rep. farms across the United States put together with panels of producers that allow us to look at the farm level impacts of proposed policy changes.

And we feel that ERS data is critical to our determination of the representatives of these farm operations, and for our ability to carry out our analytical work as requested by you and by your colleagues, and also by your staff.

Thank you.

Mr. DURBIN. Thank you very much.

Mr. WOMACK. Thank you very much, Mr. Chairman and Mr. Skeen. I appreciate very much the opportunity to be with you briefly and in the interest of time, I have submitted longer testimony.

We would like to mention two or three short points that would second the other comments regarding the rural policy research institute. We appreciate the interest congress has in looking at the rural impacts of public policy choices across sectors.

We are a four-university institute representing the universities of Nebraska, Iowa State, Missouri and Arkansas. We currently have projects in 35 universities in 27 states which are really broad-based across the country currently representing ten disciplines.

There is a difficulty in doing rural research and that is the very limited extent data base that exists, and the relatively small numbers of social scientists doing rural work.

The Economic Research Service historically has made a very significant contribution in this area. When it wasn't being done, we were there. We have an excellent relationship with ERS and their research community, and I would simply like to second the importance of their work to us in doing rural policy analysis.

The last point I would make is that I think it is very critical that the rural impact of policy continue to be addressed. In an increasingly suburban policy arena, it's very important for members such as yourselves to have an opportunity to look at quantitative impacts of policy choices from rural.

The Economic Research Service and other projects through CSRS continue to provide this to you, and I would second the earlier comments in urging that that support continue.

We would like to thank you for the support both financial and interest that is provided to the group in doing this analysis, and appreciate the opportunity to be with you today. Thank you.

Mr. DURBIN. Thanks for your testimony, all three of you, and the Economic Research Service is an important part of USDA. We understand that. Unfortunately it will face the same kinds of pressure as every other agency in terms of reducing personnel and trying to meet some of our deficit reduction guidelines, and I hope we can do that without sacrificing the quality of work that they produce.

But your testimony will be an important part of our record and consideration.

Mr. FLUHARTY. Thank you very much.

Mr. DURBIN. Mr. Skeen?

Mr. SKEEN. I have no questions.

Mr. DURBIN. Thank you all for joining us.

[The statement follows:]

Statement of
Ronald D. Knutson, Director and Professor
Agricultural and Food Policy Center (AFPC)
Texas A&M University

Before the
Subcommittee on Agriculture, Rural Development, FDA, and Related Agencies
Committee on Appropriations
U.S. House of Representatives

Mr. Chairman and Members of the Subcommittee:

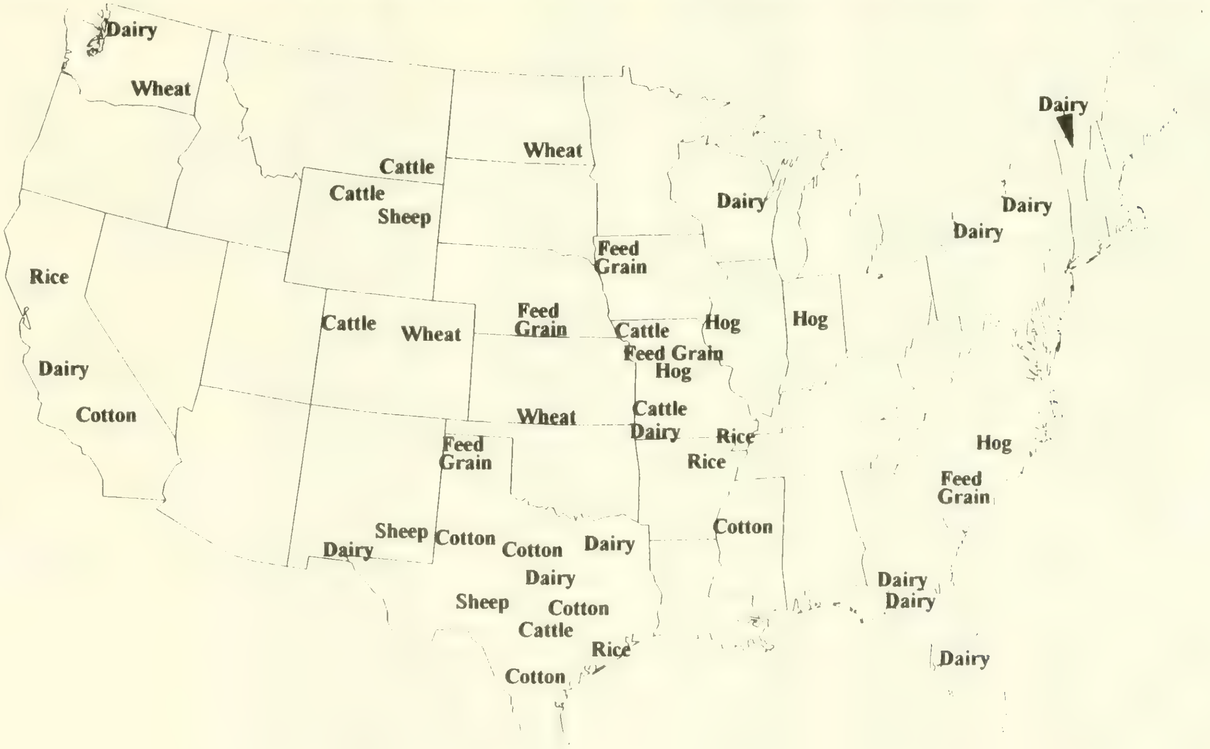
I am pleased to have this opportunity to discuss with you the role/activities of the Agricultural and Food Policy Center (AFPC) at Texas A&M University in the network developed by FAPRI to respond to Congressional requests for analyses of proposed tax and agricultural policy changes. AFPC's specific role in the network involves analyzing the farm level impacts of proposed changes in policy. This analysis uses the price projections developed by FAPRI. These price projections depend heavily on data supplied by ERS/USDA and FAS/USDA. The FAPRI prices are used to project the costs, income flows, asset values and debt levels for a system of representative farms over a five-year future time period in which the proposed policies would be implemented. AFPC is able to evaluate the economic impacts of proposed policy changes on your constituents by comparing the results with the baseline annual projection of income flows and asset values under current policies.

Representative Farms

The funds you allocate through the federal budget-making process are used to develop and maintain a system of approximately 80 representative farms. As indicated in Figure 1, these farms are located in major farm program crop, dairy, and livestock production areas throughout the United States. The locations for these farms were developed in discussions with Agricultural Committee staff.

The farms are developed with data provided by producer panels in cooperation with land grant university faculty in that state. In each location on the map in Figure 1, we typically have two farms -- a moderate size farm and a large farm. The moderate size farm is designed as a full-time commercial operation that is dependent on agriculture for its livelihood. The large farm usually is two to five times as large. Comparing the results for the moderate and large scale operations provides you with an indication of the forces of structural change in agriculture. Having farms in different geographic locations demonstrates the geographic and perhaps geopolitical forces affecting your constituents.

Figure 1. Representative Farms Maintained by AFPC



The producers who provide data for our representative farms take their job very seriously. To set up a farm we meet with them to collect data on: cost inputs; specific machinery utilized in production; land ownerships and rental arrangements; historical yields; and farm program participation history. During the meeting, these data are directly entered into our simulation model (FLIPSIM), developed and maintained by AFPC. Out of this meeting and a series of conference calls that follow, we ask the producers to review the model (five year projected income statement, cash flow statement, and balance sheet) and suggest changes until they agree that the model is representative of their operations. We do not use a farm for analytical purposes unless the panel approves it as being representative of their experience in the area.

Our producer panels have been tremendously cooperative and supportive of this process. The members of the panels are listed in AFPC publications where their farms are utilized. They receive copies of the publications we produce for you. We know they read these publications because they call us, comment on the results, and let us know when it is time to update the farm to reflect changes in technology and costs. All farms are routinely updated every three years and may be updated more frequently if the panel members indicate the need.

Figures 2 and 3 present some typical AFPC results of our recent analyses utilizing the representative farms. Figure 2 is taken from a study done for the Congress last year on the net cash income impacts of the initial Administration deficit reduction package. It separates the effects of the proposed farm program changes (primarily an increase in nonpaid acreage from 15 percent to 25 percent) from the tax proposals (primarily the proposed BTU tax) for an irrigated Nebraska corn farm. Figure 3 is from a study of the effects of applying EPA animal waste regulations to our large representative Florida dairy farm.

While this representative farm data base is unique, we depend heavily on the data base and research results of the Economics Research Service/USDA to validate and maintain the integrity of our work. For example, we utilize ERS costs and returns data to check on the representativeness of our farms and as a source of farm debt information. We are concerned ERS budget cuts have the potential for jeopardizing the reliability of this data base.

Future Plans

As we approach the 1995 farm bill deliberations we anticipate being requested to do many studies of the impacts of alternative policy proposals. In fact, we are already evaluating the farm level impacts of the outcomes of the GATT negotiations and of alternative rice policies. In anticipation of a request we have begun to explore methods of analyzing the impacts of income assurance proposals. Each of these are major project initiatives completed within the FAPRI/AFPC network. AFPC and FAPRI both do many projects that require rapid response as requested by Congressional offices.

Figure 2. Impact of Proposed Initial Deficit Reduction Package Including BTU Tax and Increased Nonpaid Acres on Net Cash Farm Income for Large Nebraska Grain Farm

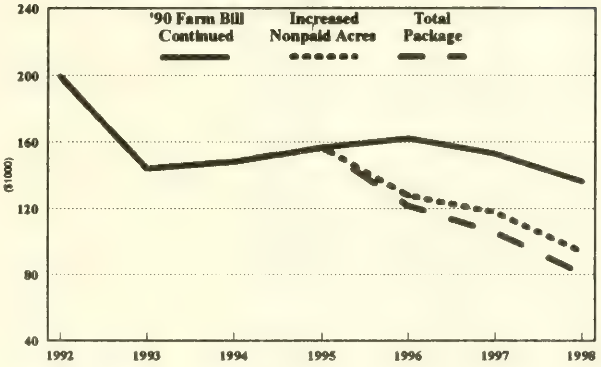
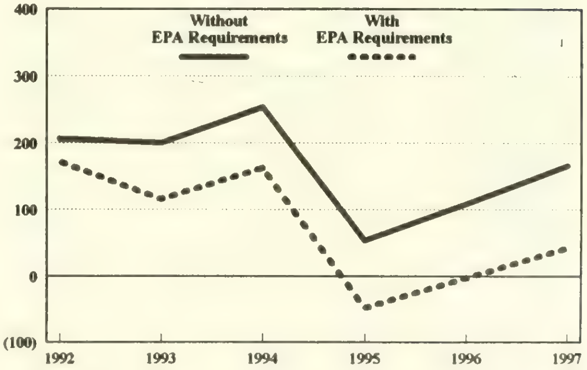


Figure 3. Impact of EPA Requirements for Dairy Waste Management on Net Farm Income For the Large Florida Dairy Farm



Analyses such as these by AFPC are made possible by two special grants through CSRS/USDA. One is a project titled **Livestock and Dairy Policy** to Cornell University and Texas A&M University. This project supports the development and maintenance of 44 representative dairy, corn/hog farms, and cattle and sheep ranches. It also supports a dairy marketing and policy research program at Cornell University including work with leading U.S. dairy economists to develop dairy policy concepts and explain their implications to the broader industry. This project continues to be highly productive and responsive to Congressional requests for analyses.

Our second appropriation, joint with FAPRI at Missouri, is a project titled **Regionalized Farm Level Impacts of Agricultural Policy**. This project supports the development and maintenance of our 36 representative crop farms. While the main analyses completed under this project have been farm program-related, we are now experiencing increased Congressional requests for analyses of issues having environmental implications. We want to be in a position to respond to requests for analyzing not only the effect of a proposed best management practice on a farm's income flow, but also the effects on the environment. For example, what would be the effects of a series of practices designed to lower the level of atrazine in the surface and ground water on Iowa grain or Illinois corn/hog farms?

Based on some preliminary analyses, we believe that our representative farms can be enhanced and linked with an environmental model (EPIC). The results are designed to provide the combination of site specific economic and environmental impact data that will be useful to Congress in understanding the impacts on farms and ranches. However, the process of providing this additional environmental impact information is costly and time consuming.

I mentioned earlier that we are in the process of analyzing the impacts of the Uruguay Round outcome of GATT on our representative farms. An equally important issue involves the impacts of the GATT agreement on farms in the European Union, Mexico, and Canada. This addition would provide information on how level a playing field is being created by the current and future trade agreements. We would like to be in a position to provide that information. As a result, a new project involving the development of an international representative farms network is being proposed.

As the world moves toward freer trade, this proposed appropriation would have useful payoffs to the Congress in evaluating the trade and competitive impacts of alternative multilateral agreements and policy changes to reduce trade barriers. It would complement the research and data base provided by the Economic Research Service, the Foreign Agriculture Service, and the World Agriculture Outlook Board, which is critical to our success in responding to your Congressional need to know the prospective impacts of these international developments on farms in your Districts.

Again, we have been experimenting with the feasibility of representative farm development in other countries. We are excited to announce that we have completed a representative dairy farm in Mexico to the satisfaction of its producer panel. Therefore, we know this proposal is feasible and has the potential to be useful to the Congress. Looking further into the future, as our FAPRI/AFPC partners at Arizona State University develop their fruit and vegetable price projection models, it is easy to visualize representative fruit and vegetable farms in Florida, Texas, Arizona, California, Mexico, and Brazil. The development of such farms would provide considerable insight into the impacts of changes in the economic and regulatory environment in each country as they are relevant to decisions you need to make.

We are very appreciative of the support which you have provided for our research in AFPC at Texas A&M University and look forward to working with you in the future. We hope that you will be equally favorable to agencies such as ERS and FAS who we depend upon for our research program.

Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Subcommittee on Appropriations

Honorable Richard J. Durbin, Chairman

Testimony by:

Abner W. Womack, Co-Director and Professor
Food and Agricultural Policy Research Institute (FAPRI)
University of Missouri

Wednesday, April 13, 1994
Room 2362Rayburn Building
Washington, D.C.

Statement of
Abner W. Womack, Co-Director and Professor
Food and Agriculture Policy Research Institute (FAPRI)
University of Missouri

Before the
Subcommittee on Agriculture, Rural Development,
FDA, and Related Agencies
Committee on Appropriations
U.S. House of Representatives

Honorable Richard J. Durbin, Chairman

Mr. Chairman and Members of the Subcommittee:

Thank you very much for allowing me to testify before this Subcommittee on Appropriations. I am a member of a team of universities that comprise the Food and Agricultural Policy Research Institute (FAPRI). Members of this consortium include Iowa State University, Texas A&M, Arkansas State and Arizona State University. Our focus is the development and operation of large-scale econometrics models that can be used to support global policy issues associated with agriculture, food production and consumption. I am also a former employee of the U.S. Department of Agriculture Economic Research Service (ERS) here in Washington, D.C. My involvement with ERS was in the policy area, utilizing quantitative systems to support commodity outlook and policy analysis.

Budget pressures have been felt throughout government with hard questions being asked about continued support of activities. My comments are directed toward the necessity of the Economic Research Service and the important role it plays in the social service arena. It is my opinion that ERS is the role model for many developed nations around the world and an absolute necessity for many developing nations. A very real problem with regard to food distribution, production and consumption is the lack of sufficient data to clearly evaluate likely options and consequences. In many cases ERS and a companion unit in the USDA, Foreign Agriculture Service (FAS) are the primary sources of data and analytical skills to close these gaps.

If the Economic Research Service were to be disbanded, it is my opinion that the government policy arena would find it necessary to reestablish a similar agency for a number of reasons. It is the most significant repository of information related to the complex area of social science-agricultural and the rural community.

Major functions include:

- Significant historical data banks with corresponding maintenance
- Continuous monitoring of agriculture, both domestic and foreign, complimented by numerous outlook and situation reports
- Training ground for numerous disciplines in the Social Science Community

Decision making in the Social Science Community is multi-layered and complex, involving several overlapping dimensions. Among the most significant contribution of ERS and FAS is the ability to bring together several disciplines under one roof to evaluate these complicated issues. Disciplinary walls that often hamper the broader view are much less likely in this type environment. Generally the focus is on a comprehensive answer to a question. This is especially critical for the total evaluation of the global food system and the corresponding rural communities.

Many organizations are totally dependent on these sources of information. This includes land grant universities with its very wide agenda, to trading companies, input industries, processing and distribution plus the retail sector. In most cases we are very largely dependent on secondary data, the main sources being these agencies.

These critical agencies have an Achilles heel that makes for considerable vulnerability in the political environment. Their primary function is to serve the administration which in turn serve's Congress. Sometimes this latter function does not occur to the satisfaction of Congress and corresponding staffers. This is especially the case when different parties control the Congress and the Administration. ERS and FAS become entangled in the political process of releasing sensitive data and analyses. Their researchers are restricted from, and very limited to, direct interaction with Capital Hill. So it is very easy to be viewed as non-productive when in fact a narrow channel is associated with the release of scientific research or policy analysis. For this reason ERS, FAS and Congress would be well served to initiate some very creative thinking that focuses on this particular bottleneck. Strategies that involve greater interaction may be the most productive. It is the case that congressional staffers and committee members could benefit from regular (quarterly) updates on the expected outlook for Agriculture and rural communities. This suggestion is more consistent with the current published outlook and situation reports covering subject areas such as:

- Crop sector and the crop farmer
- Livestock sector and livestock production
- Food safety, supply and prices
- Factors associated with maintaining a strong international trade program
- New advances in and the utilization of technology
- Conservation and environmentally focused issues and implications
- Factors relevant to a viable input supply industry
- Adequate food reserves in times of shortage

- Rural development and rural community issues
- Implications of government cost and treasury exposure for maintaining adequate food and fiber plus rural viability

Although the above set of issues are politically charged it is still the case that these agencies make a "best guess" or "projection" with regard to a most likely direction without policy changes. These insights are invaluable as Congress begins to wrestle with policies that are designed to change directions. This more "policy neutral" set of events may be the most fruitful avenue for greater interaction.

Visibility is a critical issue. While the administration (USDA) may be satisfied with responses from these agencies it also must be more sensitive to perceived unmet needs by committees and staffers in Congress. Priorities and corresponding deadlines are fairly predictable and provide additional opportunities for interaction. This is a step that further enlightens with regard to resources and corresponding research capabilities.

DEPARTMENT OF AGRICULTURE

WITNESS

MICHAEL BEGAYE, DIRECTOR, WASHINGTON OFFICE, THE NAVAJO NATION

Mr. DURBIN. We have two witnesses left, and we have about five minutes time. We can invite you to wait until we get back which may be about 20 minutes, or you can give us, one of us can testify or both of you can testify, whatever is you wish.

Mr. Michael Begaye of the Navajo Nation. I hope I have pronounced that correctly. I'm sorry if I haven't.

Mr. BEGAYE. Thank you, Mr. Chairman and Congressman Skeen. My name is Michael Begaye, and I'm representing President Zah of the Navajo Nation, and I would like to acknowledge real briefly Ferdinand Notah, and Morris Johnson here on behalf of the Navajo Products Industry. They are in the room.

I will try to make this real brief. We do appreciate the subcommittee's help and assistance in the last two years to put in some appropriations language that is real critical for the Navajo Nation, as well as Indian country.

In that light, I have been working with the SCS to develop a watershed management planning team, and a watershed operation which is real critical. We are starting real soon, and we would just ask the subcommittee that they support continued funding for this program, as well as even additional appropriations for the other Indian communities across the country.

Last year the Navajo Nation has challenged the USDA to develop and test on the Navajo Nation a conceptual and operational framework for rural development that integrates natural resources conservation, develop a community infrastructure facilities, and rural enterprises, and would deal in capacities for rural education, extension and applied research.

We see a real opportunity in that, and we ask the subcommittee to work with USDA likewise to really encourage to work with Indian communities because we're seeing the rural development more in the sense of agriculture, business development, economic development, all integrated, and we are really excited that the USDA has done this.

This is really because of the subcommittee's help, and we do have some specific requests in our written testimony, written statement and I really did not want to go further into that.

And again, we really appreciate the subcommittee's assistance, and we ask for your support for these rural initiatives.

Mr. DURBIN. Thank you for your understanding as we face this roll call. We want to continue to try and help you, but let me defer to Mr. Skeen who has a personal interest here.

Mr. SKEEN. I certainly want to thank you, and I want to say Ya'ah'tah.

Mr. BEGAYE. Ya'ah'tah.

Mr. SKEEN. And I want to say too that the Navajo Nation is doing an outstanding job of managing their affairs and their businesses, particularly their agricultural operations. It has been a tremendous change.

I used to work for BIA back in the early 1950s, and I spent a lot of time in Window Rock and a few other places, the Rahma Navajos, and I want to say that the progress you folks have made over that span of time has been tremendous.

Mr. BEGAYE. Thank you.

Mr. SKEEN. Thank you.

Mr. DURBIN. Thanks for your testimony. We will read your statement carefully, and I'm sorry that we face this time problem.

Mr. BEGAYE. I appreciate it. I understand.

Mr. DURBIN. But your patience is greatly appreciated.

[The statement follows:]

PETERSON ZAH
PRESIDENT

MARSHALL PLUMMER
VICE-PRESIDENT

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TESTIMONY OF THE NAVAJO NATION

BEFORE THE

SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT,
FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES
FISCAL YEAR 1995 APPROPRIATIONS

APRIL 13, 1994

TESTIMONY OF THE NAVAJO NATION
BEFORE THE
SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES
FISCAL YEAR 1995 APPROPRIATIONS

April 13, 1994

INTRODUCTION:

Mr. Chairman and Members of the Subcommittee, I am Michael Begaye, Director of the Navajo Nation Washington Office. On behalf of President Peterson Zah and the Navajo Nation, I appreciate the opportunity to present the Navajo Nation's request to this Subcommittee and to make recommendations as you continue to work within the appropriations process for Fiscal Year 1995.

The Navajo Nation looks forward to working with the Subcommittee to strengthen our initiative -- begun two years ago -- to secure the integration and acceleration of U.S. Department of Agriculture (USDA) resources conservation and rural development program delivery to the historically underserved Navajo people. It is particularly appropriate in the context of the "reinvention" of the USDA and the sharpened focus given by USDA to alleviating rural poverty that the momentum of our initiative be continued and enhanced. I provide below our specific requests for FY 1995 appropriations for the USDA, as well as some background information on the Navajo Nation and on the expanding Navajo Nation/USDA cooperative relationship which is now taking shape as an integrated rural development pilot approach with practical implications for all Indian tribes.

REQUESTS FOR USDA FY 1995 BUDGET INCLUSIONS:

The Navajo Nation requests the following appropriations for inclusion in the USDA FY 1995 Budget.

Soil Conservation Service (SCS)	**$2,900,000**
Watershed Planning Team	400,000
Watershed Operations -- Land Treatment and Structures	1,850,000
Staffing and Technical Support of Field Offices	650,000
Agricultural Stabilization and Conservation Service (ASCS)	**$200,000**
San Juan/Colorado Rivers Salinity Control Program	200,000
Cooperative State Research Service (CSRS)	**$500,000**
University of Arizona Agricultural Research Station on the Navajo Nation	500,000
Cooperative Extension Service	**$430,000**
University of Arizona Cooperative Extension Service positions on the Navajo Nation	430,000
Farmers' Home Administration (FmHA) / Rural Development Programs	**$10,861,500**
Integrated Rural Development Planning Team	500,000
Solid Waste Landfill Construction	2,600,000

Rural Domestic Water Systems	7,361,500
Outreach to Disadvantaged Farmers and Ranchers	400,000

THE NAVAJO NATION:

The Navajo Nation encompasses 1/3 of all Indian lands in the lower 48 states. The largest and most populous Indian tribe, the Navajo Nation -- with a land-base area of almost 18 million acres -- is larger than the states of Connecticut, Rhode Island, Massachusetts, Delaware and Maryland combined. Unlike those states, however, the Navajo Nation suffers from enormous deficits in all areas critical to prosperous rural livelihoods.

Moreover, 56 percent of Navajos live below the poverty line; Navajo unemployment ranges from 38 to 50 percent seasonally. Half of our people live in substandard homes without running water or electricity. Our communities remain socially and economically disadvantaged due to federal disinvestment in resources conservation and rural physical, economic and educational infrastructure. There is perhaps no other significant rural population in the country that has benefited less from USDA and other federal rural development programs.

NAVAJO NATION RURAL DEVELOPMENT NEEDS:

USDA is the federal government's lead agency for rural development, and is mandated by Congress to facilitate and encourage joint and cooperative rural development efforts and programs with other federal agencies. Neither the Navajo Nation nor any other American Indian tribes have yet fully experienced or benefited from any coordinated USDA rural development leadership. The Navajo Nation welcomes President Clinton's renewed interest in rural development and in addressing the needs of America's poor. The USDA today has a historic opportunity to pilot an unprecedented breakthrough in the delivery of effective and integrated rural development programs and services to the Navajo Nation and to all Indian tribes.

The Navajo Nation has challenged USDA to develop and test on the Navajo Nation a conceptual and operational framework for rural development that integrates natural resources conservation with development of community infrastructure, facilities and rural enterprises, and with building capacities for rural education, extension and applied research.

The Subcommittee is urged likewise to encourage USDA to accelerate its "reinvention" of program delivery to all Indian tribes. The Subcommittee is requested to encourage USDA to redirect its priorities and staffing to areas, including the Navajo Nation and all Indian tribes, having both a compelling need for USDA expertise and a demonstrated lack of access to such services.

JUSTIFICATION OF FISCAL YEAR 1995 REQUESTS:

Natural Resources Conservation:

Watershed Planning ($400,000) In its Report regarding FY'93 Appropriations, the Senate Appropriations Committee stated: **The Committee notes the Navajo Nation's proposal to establish a planning team to begin evaluating cost-effective solutions to the Navajo Nation's watershed resource conservation needs. The Committee encourages SCS to assist with this effort.**

SCS was indeed cooperative, and worked hard in FY'93 to expand its services, and to streamline the delivery thereof, to the Navajo Nation. In its FY'94 Report, the Senate Appropriations Committee stated:

> **The Navajo Nation faces unique challenges in addressing resource conservation and rural development problems. The Committee is aware of the growing cooperation between the SCS and the Navajo Nation to address the substantial watershed resource conservation needs on Navajo lands. The Committee strongly urges that funding of $400,000 be provided to staff a full-time SCS watershed planning team in the Navajo Nation. In addition to addressing the soil and water management problems on the Navajo Nation watersheds, this funding will result in significant benefits for other Department priorities as well, including runoff from Navajo lands which is perhaps the largest contributor of salt-laden sediment to the Colorado River system.**

This year, USDA/SCS is providing for and establishing this watershed planning team which is so critically needed on the Navajo Nation; the team is expected to commence work in May. The Subcommittee is requested to make clear that funding for this multi-year effort is now part of the USDA/SCS base budget.

The Navajo Nation understands that the Administration has proposed to decrease its overall FY'95 Watershed Planning appropriations. With the increased emphasis nationally on ecosystem-based resources management, and the centrality of watersheds in arid land ecosystems especially, it is counter-productive to cut funding to SCS--a federal agency with a demonstrated track record of leadership in this area. The Navajo Nation urges the Subcommittee to maintain or increase the overall Watershed Planning appropriations. This is of particular concern now that Indian tribes, led by the Navajo Nation, are only now just beginning to benefit from this critical program.

Watershed Operations ($1,850,000): Borrowing scarce staff and resources from others offices, SCS has nearly completed planning for watershed restoration construction and operations on the Navajo Nation's Asaayi watershed; additionally, planning will be completed this year for phase one of the Dinnebito watershed restoration and for targeted sub-watershed restoration on the Former Bennett Freeze Area. Funding to allow these activities to proceed is required.

However, the Administration has proposed massive cuts (i.e., approximately a 90% decrease) in the SCS Watershed Operations budget. It is of great concern to the Navajo Nation and to other Indian tribes that funding for SCS's watershed operations might be totally eliminated just as tribes are beginning to participate in this state-of-the-art approach to resources management. The Navajo Nation strongly urges that the Subcommittee maintain or increase funding for Watershed Operations nationwide, especially targeting Indian lands, and that the Subcommittee provide for $1,850,000 in appropriations to move ahead with implementation of the above-referenced watershed restoration plans on the Navajo Nation

SCS Staff and Technical Support ($650,000): The House Appropriations Committee, in its Report on FY'93 USDA appropriations, noted that "[t]**he Committee is ... aware of interest in providing additional technical assistance for range management to the Navajo Nation...**" Thereafter, in its FY'94 USDA appropriations Report, the Senate Appropriations Committee stated:

> **The Committee understands that USDA is considering establishing two new offices to serve the Navajo Nation. SCS is encouraged to provide increased staffing for the Navajo Nation to support soil and water conservation and land restoration activities.**

USDA/SCS has now established new offices at Tuba City (Arizona) and Crownpoint (New Mexico). The Subcommittee is requested to ensure that funding for these offices be maintained in the SCS's base budget.

Additionally, as USDA reinvents its delivery of programs and services by shifting priorities and staffing to the areas of greatest need, it should provide the additional technical support required to address the enormous unmet need for soil surveys, and soil and water conservation assistance in the Navajo Nation and on other Indian lands. Demonstrated needs on the 18 million acre Navajo Nation alone cannot reasonably be addressed by the 8 full-time SCS staff now on-site.

San Juan/Colorado Rivers Salinity Control ($200,000): SCS has completed a feasibility study of possible salinity reduction measures on 9,000 acres of Navajo family farms along the San Juan River in New Mexico. Investment into on-farm measures would improve the families' livelihoods, conserve scarce water, and reduce by 75% salt loading to the river from these farms -- at a cost-effective projected cost of $13 per ton of salt. The Navajo Nation requests $200,000 in funding through the ASCS Colorado River Basin Salinity Control Program to undertake the necessary design and engineering for salinity reduction measures along the San Juan River.

Community Infrastructure and Facilities:

Integrated Rural Development Planning Team ($500,000): The rural development planning and programs which USDA/FmHA have long provided in other rural areas have been virtually nonexistent on the Navajo Nation. As a result, the Navajo Nation combines unparalleled need for these programs and services with a unique opportunity for USDA to plan and test from "square one" an integrated rural development approach combining natural resources conservation, development of community infrastructure, facilities and rural enterprises, and capacity-building for rural education, extension and applied research.

The Navajo Nation urgently requests $500,000 in funding to establish a multi-disciplinary USDA planning team to spearhead comprehensive community and area-wide rural development, economic development, water/soil conservation and waste disposal planning in the Navajo Nation. Such planning will establish the basis for multi-year phased aggregated investments to eliminate the Nation's enormous rural development deficit -- as a pilot project offering great potential for becoming a model for the reinvention of proactive government rural development leadership in all rural areas of America.

Solid Waste Landfill Construction ($2,600,000): As the Senate Appropriations Committee stated in its FY'94 USDA appropriations Report (under "rural water and waste disposal grants"):

> **The Navajo Nation encompasses almost one-third of all American Indian lands in the lower 48 states, but there are no adequate solid waste disposal facilities on Navajo lands. The Committee urges the Department to provide accelerated technical assistance and sufficient funding to design and construct two regional solid waste disposal landfills so that this urgent public health need can be addressed.**

Planning will soon be completed for one of those urgently-needed regional solid waste disposal landfills, and the Navajo Nation requests $2.6 million in construction funding so that this long-overdue project can be completed.

Rural Domestic Water Systems ($7,361,500): Nearly 50% of the Navajo people still haul their drinking water from windmills. The Navajo Nation requests $7,361,500 of USDA/FmHA funding to plan and build domestic water systems to serve remote areas of the rapidly-growing Navajo Nation.

Education, Applied Research and Extension:

Navajo and other Indian rural communities are chronically and critically short of the skilled professional and technical personnel needed to plan and implement all aspects of rural development. The BIA education system is among the worst in the country. The Navajo Nation needs resources to redevelop and rebuild our own formal and informal educational systems, grounded in our language and cultural values and targeting needs we define.

Outreach to Disadvantaged Farmers and Ranchers ($400,000): In its FY'94 USDA appropriations Report, the House Appropriations Committee stated that it:

> **... expects, as the Department provides funding for this program [i.e., "Outreach to Socially Disadvantaged Farmers and Ranchers"], that it emphasizes and targets the needs of tribal community colleges, such as the Navajo Community College and the Crownpoint Institute of Technology.**

In FY 1994 the FmHA did provide the Crownpoint Institute of Technology with a $50,000 planning grant. The Institute has submitted a detailed request for $400,000 to FmHA for outreach in FY 1995 to disadvantaged farmers and ranchers throughout the Navajo Nation. The Subcommittee's continued support is urged.

USDA Agricultural Research Station at Navajo Community College ($500,000): The University of Arizona has indicated to the Navajo Nation its willingness to collaborate with the Navajo Community College on the establishment and operations of an agricultural research field station at Tuba City. The need for such applied research on the Navajo Nation is unquestioned. The Navajo Nation strongly supports $500,000 in CSRS funding to allow the University of Arizona to undertake this initiative, which would result in the first-ever such research station on Indian lands.

Cooperative Extension ($430,000): In FY 1993 and again in FY 1994, the Subcommittee recommended $1.8 million in nationwide funding for the Reservation Extension Agent Program, administered by state Land Grant Institutes. In FY 1993, one Extension position was established at Window Rock (Arizona) in the Navajo Nation. In FY 1994, a second position has been made funded at Shiprock (New Mexico). While of very great importance, two Extension positions for the entire Navajo Nation are by no means adequate to the need. Similarly, nationwide an appropriation of $1.8 million does not begin to meet the need of Indian tribes for long-denied Extension services.

The Navajo Nation requests the Subcommittee to recommend the full authorized funding of $8 million for the Reservation Extension Agent Program nationwide, including $1.14 million for Extension Agents to serve 15 Indian tribes served by the Cooperative Extension Service at the University of Arizona. This will allow $430,000 for a total of six Extension positions on the Navajo Nation, including new positions at Tuba City, Chinle and Kayenta (Arizona) and Crownpoint (New Mexico).

In conclusion, the Navajo Nation wishes to thank the Subcommittee for the support provided during the past two years and looks forward to working with the Subcommittee on the funding initiatives proposed in this testimony. Detailed justification packages have been prepared and will be presented to Subcommittee staff in the next few days.

DEPARTMENT OF AGRICULTURE

WITNESS

MERLE JEFFERSON, NORTHWEST INDIAN FISHERIES COMMISSION

Mr. DURBIN. We have one last witness, and if you would like to testify, Mr. Merle Jefferson, who testified last year.

Mr. JEFFERSON. Right.

Mr. DURBIN. I remember your testimony, from Minnesota.

Mr. JEFFERSON. No, from Washington State, Lummi Tribe.

Mr. DURBIN. Oh, I'm sorry, Al Swift's area, right?

Mr. JEFFERSON. Yes, right.

Mr. DURBIN. That's right. I'm sorry. I did speak to Mr. Swift after your testimony, but we will put your entire statement in the record, and why don't you give us a few things that you want us to remember as we walk over to vote.

Mr. JEFFERSON. I can briefly kind of summarize this thing. I know you guys are hurting for time here, and also I have Bobby Whitener here, and he's from the Northwest Indian Fish Commission, and we are working together on the same grant.

Anyway, I would like to thank the Chairman and the committee for letting me to testify this year.

Last year the agriculture approved a grant for $600,000-some for us to renovate a hatchery, and make this hatchery a service hatchery for the tribes in the Northwest.

This here was approved, and I sure appreciate it, and I want to thank you for working with us.

This year again we are going to approach you again. This year we're going to renovate our hatchery. Right now we've got the money, it's been approved. It's going to take maybe three to four years for an overturn in order for these shell fish to overturn to have income on it.

It's going to take time to do that, and this year we're going to ask for next year for money, for $195,000 for some support money to run this hatchery next year. We are going to have approximately we predict about $135,000 of revenue will be made in 1995 to help support this. It is not going to be all wholly from agriculture. Hopefully in 1995, we will have income coming in. That's the first request.

The second request is that the Northwest tribes are involved in agriculture and involved in dairy waste, cattle, and involved in the U.S. forest summit with President Clinton, and we are in the need of an agriculture liaison person.

This person will be housed at the Northwest Indian Fish Commission by Bob Whitener here, and we are asking for a $90,000 add-on to support this position. It is very important for them to get communications to the tribe, and everything is working here.

Mr. DURBIN. Okay. We're going to have to leave, but if I could just say one word to you, we're going to read this carefully, and we did help you last year and we're going to try to help you again.

I would like, before you leave, if you would contact one of the staffers and get the address and name of the Oceanic Institute which is a group that we fund for aquaculture research, particularly shellfish research in Hawaii.

They are doing some amazing things which may be helpful to you as you plan your hatchery.

Mr. JEFFERSON. Sure. That would be great. We've been talking to Dr. Sher in Seattle, and he has been helping us along.

Mr. DURBIN. Perhaps he is familiar with them, but since we put a big investment in this Oceanic Institute, we would like you to be in communications with them to see if there are some things they are doing that they might be able to help you with, because we want you to be a success.

Mr. Skeen?

Mr. SKEEN. Thank you. I have no questions. Thank you.

Mr. JEFFERSON. Thank you.

Mr. DURBIN. Thank you for your patience. The brevity of your testimony will not reflect poorly.

Mr. JEFFERSON. Thank you.

Mr. DURBIN. We will do our best to help you.

Mr. JEFFERSON. Okay.

[The statement follows:]

Northwest Indian Fisheries Commission

6730 Martin Way E., Olympia, Washington 98506
Phone (206) 438-1180
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TESTIMONY OF MERLE JEFFERSON, DIRECTOR
DEPARTMENT OF NATURAL RESOURCES, LUMMI INDIAN NATION
ON BEHALF OF THE NORTHWEST INDIAN FISHERIES COMMISSION
ON FY 1995 BUDGET FOR THE DEPARTMENT OF AGRICULTURE
BEFORE THE
HOUSE AGRICULTURE APPROPRIATIONS SUBCOMMITTEE
OUTSIDE WITNESS HEARING

APRIL 13, 1994

Thank you for the opportunity to testify before you regarding the FY 1995 Department of Agriculture Appropriations. I will be presenting two funding requests for Committee consideration to benefit the Indian Tribes of western Washington State comprising the Northwest Indian Fisheries Commission. The first request pertains to shellfish aquaculture:

NORTHWEST TRIBAL CLAM AND OYSTER PROJECT

BACKGROUND:

Indian Tribes in western Washington State gathered shellfish on the Pacific Ocean shoreline and inland waterways for thousands of years. Mid-1800's Treaties between the United States and these Tribes provided for the protection of the continued right of the Tribes to harvest shellfish for commercial and subsistence purposes. Sadly, accumulated development over the last century has seriously decimated this once bountiful resource. In FY94, this Committee provided direction to the Department of Agriculture to renovate and begin to operate a shellfish hatchery at the Lummi Nation to begin restoration of clam and oyster species with seed plantings. The shellfish seed plantings will initiate the growth of clams and oysters in their natural settings for harvest in 1999 by Tribal and other user groups. The Department of Agriculture provided a grant this year to the Lummi Nation to renovate its shellfish hatchery and begin seed production.

FY 1995 USDA APPROPRIATIONS PURPOSE:

The western Washington Tribes, represented by the Northwest Indian Fisheries Commission, requests continued financial support to the Lummi Nation of $194,000 added to the Department of Agriculture's Rural Development Administration for partial hatchery operation and technical assistance services. A part of the hatchery operations cost will be covered by sale of larvae seed and other hatchery products. Financial sustainability in the Tribal shellfish industry will require time for the growth of initially produced seed to adult harvestable size (three to four years). However, by developing a direct market for the hatchery products, financial viability of the hatchery, which has production on an annual cycle, is expected much sooner.

APPROACH:

The overall goals for the proposed project is to develop a self-sustaining Tribal shellfish industry in western Washington State and to restore the shellfish resource natural regeneration capabilities in the Pacific Northwest. The approaches toward these goals are: (1) maintain shellfish hatchery operations at the Lummi Nation to supply clam and oyster seed to the Tribes; (2) disseminate plans and information to Northwest Tribes to aid in development of natural shellfish reproduction and shellfish enterprises; and, (3) study the need and future of the industry. The project will rely on the renovated facilities and technical staff at the Lummi Nation.

Project Component Costs:

EXPENSES

1. Hatchery Operations Costs	$278,000
2. Extension Services to Tribes	$ 50,000
Project Total:	**$328,000**

REVENUES

1. Congressional Add-on Request	$194,000
2. Hatchery Revenue Contributions	$134,000
Project Total:	**$328,000**

TRIBAL AGRICULTURE LIAISON POSITION PROPOSAL

Our second request is for funding a position with the Northwest Indian Fisheries Commission to provide liaison services between the western Washington Tribes and the agricultural community. We believe that this is a critical position due the emerging issues regarding agricultural interests. These issues include implementation of the President's Forest Summit, cattle and dairy operations, farms, irrigation, soil conservation, wetlands preservation, water resource planning and other agricultural practices. We envision this person would also provide needed liaison between the Tribes and the U.S. Department of Agriculture. We feel that this type of approach that begins with the Tribes organizing ourselves to coordinate with the Department is a better model for government-to-government relations. The total budget for this proposed position would be $90,000 per year and would cover both direct and indirect expenses. Potential funding sources could be service a line item in either the Rural Development Administration or Soil Conservation Service in the FY 1995 Agriculture Appropriations.

Thank you.

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SUSTAINABLE AGRICULTURE RESEARCH

Mr. DURBIN. At this point in the record I would like to insert a statement from Western Illinois University regarding sustainable agriculture research.

[The statement follows:]

Testimony for the House Appropriation Committee On Agriculture in Support of "Sustainable Agriculture" Research at Western Illinois University

March 1994

Honorable Congressman Durbin,

I'm pleased to have the opportunity to offer testimony in support of the on-going research at the Agriculture Department from Western Illinois University. Mr. Chairman, we are aware of your support for research that solves agriculture problems of farmers and consumers. We are confident that this initiative, because of its cooperative nature, involving agronomists, economists, biologists and farmers, will solve problems of immediate importance and have long-term, lasting value to the agricultural economy of western Illinois and surrounding states.

Mr. Chairman, because of your support and that of Congressman Evans, $325,000 was appropriated for the years 1991 through 1994 for this project of the special Grants Program of the Cooperative States Research Service of the U.S. Department of Agriculture. The focus of the research has been to address farmers' questions about how to be efficient and effective in reducing chemical inputs, maintaining economic viability and alleviating public concerns about the adverse effects of chemicals in the environment. We are confident that our farmers are incorporating new technologies that will provide abundant, high quality food and feed in environmentally safe ways. We also are aware that farmers are looking for answers and ways to apply the basic information that is available to them to their specific farming operations.

Dr. Gerald E. Carlson, chairman of the Agriculture Department, reports that during the first phase of this project they focused on one specific problem; namely, establishing baseline data on the long term effect of pesticides on the physical, chemical, biological and productivity characteristics of agricultural soils. To answer this question, faculty in the Agriculture and Biology departments in cooperation with scientists from the National Soil Tilth Laboratory of the U.S. Department of Agriculture, Agriculture Research Service, Ames, Iowa characterized soil from an 80-acre farm near Macomb, Illinois. The majority of this farm has never had pesticides of any kind used on it. This provides a unique opportunity as these soils represent the most productive soils in Illinois. Comparisons were made with soils from an adjacent "conventional" farm to determine the impact of long-term pesticide use on important soil traits. Physical, biological and chemical data has shown that soil texture and stability, biological activity, distribution and kind of insects were greater from the no-pesticide benchmark farm. We do not know the reason for, or the consequences of, this unique base-line data, but it will allow us to sharpen our research questions to ultimately develop specific management strategies and practices.

Additionally, preliminary research was initiated to investigate the conditions under which less-than-label rates of herbicides provide effective weed control in corn and soybeans. The results indicate that less-than-label rates do work under certain conditions. We know that differences in temperature, moisture, and stage of weed growth alters the susceptibility of weeds to herbicides. We cannot as yet predict, with the information available, a specific herbicide rate for each specific environmental condition. However, results from this work have already contributed, in part, to one major agriculture chemical company changing its labels on a herbicide to allow for lower rates in certain circumstances. Results from this research will also permit farmers to make management decisions based upon environmental conditions at the time of application of herbicides.

A third component of the research evaluated the economic and ecological risks in switching from "conventional" to a "sustainable agricultural" management system. The agricultural economics faculty at Western Illinois University worked directly with farmers who are converting from "conventional" to "sustainable" agriculture. The farmers provided data to help develop and evaluate computer models, PLANETOR and CARE, which are being used to evaluate these risks under Illinois conditions. These models are not being compared at other locations in Illinois.

Because of the complex nature of the problems and the interaction of many components, these research efforts are cooperative amongst the faculties of Western Illinois University and farmers. The research is also cooperative with soil scientists of Agricultural Research Service and the Soil Conservation Service of the USDA. Cooperative research is underway with the University of Illinois College of Agriculture at their Monmouth, Illinois research farm.

The next phase of research will focus on the no-pesticide benchmark farm which proves unique opportunity to make direct economic and environmental comparisons of pesticide-free management strategies with adjacent conventional crop production systems.

Our strategy is for a phased increase in research activity over a three to five year period based upon resources available and results of previous research. It is estimated that $185,000 will be needed in 1995.

Mr. Chairman, thank you for this opportunity and we look forward to continuing to conduct research to solve some important problems of American agriculture.

Thomas D. Layzell, Chancellor
Board of Governors Universities

3/23/94

AGRICULTURAL AND RURAL ENVIRONMENTAL RESEARCH FOR WESTERN ILLINOIS

A PROPOSAL FOR FY 1995
to
The Special Grants Program
Sponsored Projects
of
The USDA Cooperative States Research Service
for
The Agriculture Department
Western Illinois University

AGRICULTURAL AND RURAL ENVIRONMENTAL RESEARCH FOR WESTERN ILLINOIS

A PROPOSAL FOR FY 1995

Title: Management strategies for sustaining agriculture and the environment.

The Problem:

The long term future of agriculture production in Illinois is dependent upon farming systems that provide farmers with economic viability in the production of an abundant supply of safe and nutritious food while maintaining soil health and water quality. These farming systems are key elements in promoting rural viability. Agricultural chemicals, both fertilizers and pesticides, have been and are expected to be a part of modern agriculture systems in western Illinois. However, public concern about the impact of agricultural chemicals on their health and the quality of the environment is pressuring America's agricultural research and development sector to develop, test and deliver alternative farming systems.

Research has provided the basis for responsible use of chemicals in agriculture production. Research has not provided as much information about how to farm successfully at reduced rates of chemicals (pesticides) or none at all. Specifically, we do not know the lasting effect of chemicals on all characteristics of "healthy" soils. Neither do we know for different soils, environments and cropping systems the best management practices to alter population dynamics of pests and crops to control weeds, insects and diseases. Answers must be found to provide farmers with alternative management systems and the public with knowledge to make informed decisions about and their choice of foods and policies that influence agricultural enterprises.

The Opportunity:

At Western Illinois University we have a unique opportunity to continue to be involved in the ongoing search for answers to the above questions. In 1989, we identified a small, historically pesticide-free limited-fertilizer 80-acre farm located near Macomb. Through the 1990s the owner who managed the farm limited off-farm inputs of commercial N, P and K and pesticides. To date, one 16-acre field remains in it's original benchmark condition with no commercial applications of N, P or K, while another 20 acre field has received only a one time application of N.

Faculty and staff of the Agriculture Department at Western Illinois University in cooperation with scientists from the USDA Agriculture Research Service, the University of Illinois, and the Biology Department, WIU, have characterized the soil chemical, physical and biological properties of a "benchmark" farm, as they existed under historical management practices. Additional data has been collected from soils on an adjoining tract conventionally farmed under a corn/soybean rotation. Also, soil scientists and technicians from the USDA Soil Conservation Services have prepared detailed soil and topographic maps for the 80-acre bench-mark farm and adjoining tracts. The results of these characterizations have shown major differences between the benchmark and conventional soils. Specifically, water stable aggregates, an indication of tilth, microbial activity, numbers and kinds and amount of soil invertebrates are greater on the no -pesticide farm than on the adjacent conventional farm. . Little or no differences were found for nitrogen and organic matter. The significance of these observations as an index of soil health or their impact on production is not know at this time.

This research has been made possible with funds provided by special grants through the USDA Cooperative States Research Service in 1991-92, 1992-93, 1993-94.

Because no herbicides have been used weed population on the benchmark farm, primarily giant foxtail, are considerably greater than on the conventional farm. These must be brought under control without the use of chemicals in a basic corn-soybean-small grain rotation in order to maintain this unique "field laboratory" and to be able to make valid comparisons with comparable conventional farming practices.

Research Proposed:

The background data obtained from the previous three years of research provides us with the basic information from which to evaluate the impact of alternative management practices on soil health and viability of alternative farming operations. This unique benchmark farm also provides opportunities to ask basic questions of specific relationships among soil properties, biological activity and plant growth and production.

Objectives and Rationale:

Immediate Objective. (1995-1999) Develop and test the environmental and economic impact of alternative soil and crop management strategies for pesticide-free farming systems.

Farmers are hesitant to take the economic risks of switching to alternative cropping systems that do not rely on traditional agricultural chemicals for pest and fertility management. The benchmark farm provides a unique opportunity to make direct economic and environmental comparisons of pesticide-free management strategies with adjacent conventional crop production systems. Primary emphasis will be placed on this objective.

Future Objective. (1995-?) Evaluate fundamental changes in soil properties and population dynamics of biological associations important to soil health and crop production.

As resources and opportunities become available the pristine soils of the benchmark farm will provide unique opportunities for detailed biological and chemical analyses including kind and amount of soil micro-flora/fauna, and the spatial and temporal distribution and vulnerability of weeds to control practices. There are a limited number of such soils in the United States available to ask specific questions about the nature of soil health and to understand its importance to agriculture. Effort on this objective will be focused on developing an understanding of why the components of the system react as they do.

Approaches for the Immediate Objective:

Research will be conducted on several aspects of alternative management systems, including: tillage, crop rotations, biological pest control, cover/smother crops, variety selection, and crops selected for specialty food markets.

1. Tillage management strategies could include various primary and secondary tillage comparisons, ridge-till, post-planting tillage with harrows, rotary hoes, and row crop cultivators.

2. Crop rotations could include row crops, small grains, forages, buckwheat and others cover crops that compete with weeds or provide opportunities to bring initial heavy infestations under control and to evaluate the role of high value specialty crops.

3. Comparable management practices will be established on adjacent conventionally farmed tracts to assess changes in soil and biologic properties, risk and economics.

4. Data collected will include but not be limited to: soil fertility, plant growth, yield, weed cover, weed control, insect and disease infestation and damage and economic analyses.

5. Begin to assess the fundamental relationships of soil micro/macro-organisms and their relationship to improved soil physical and chemical properties.

Future research approaches will be developed as resources, interest and cooperating personnel are available.

Expected Outcomes and Benefits:

Information produced by this project will lead to the development of specific management practices and will be made available to the Cooperative Extension Service, Soil Conservation Service, cooperating farmers, Illinois sustainable agriculture organizations and university and high school faculty. The fundamental data obtained will help to establish the criteria important to understanding soil health and the role of alternative management practices to promoting and maintaining it.

Potential Cooperators:

The multiple components of the research requires an interdisciplinary approach. The following have expertise and an expressed interest in the proposed research:

Gerald E. Carlson	Western Illinois University	Project Director
Gerald Vigue	Western Illinois University	Crop Physiologist
Jim Werhley	Western Illinois University	Ag Economist
Mike Mainz	University of Illinois	Research Agronomist
Timothy Howe	Western Illinois University	Research Associate
Joseph Aharchi	Western Illinois University	Post Doc/Soil Ecology
Pauline Allison	Benchmark farm owner	Cooperator
Terry Davis	Neighboring farm owner	Cooperator
Lisle Dakin	Neighboring farm owner	Cooperator
Pioneer Hi-Bred- Specialty Plant Prod Div.	Agriculture Industry	Cooperator
Fleischer Mfg, Inc.	Agriculture Industry	Cooperator
M & W Gear Company	Agriculture Industry	Cooperator
John Deere & Company	Agriculture Industry	Cooperator
Dick Warner	University of Illinois	Assist Dir/Ag Expt Sta.
Wayne Pedersen	University of Illinois	Plant Pathologist
Don Bullock	University of Illinois	Agronomist
Mike Gray	Illinois Natural History Survey	Ag Entomologist
Joseph Maddox	Illinois Natural History Survey	Ag Entomologist
Dave Feltes	Illinois CES	Communicator
Steve Elmer	USDA-SCS	Soil Scientist
Doug Karlen	UDSA-ARS Ames, Iowa	Soil Scientist
Cindy Cambardella	UDSA-ARS Ames, Iowa	Soil Scientist
Doug Buhler	UDSA-ARS Ames, Iowa	Weed Scientist
Tom Steinheimer	UDSA-ARS Ames, Iowa	Soil Chemist

Proposed Budget-FY 1995 (crop year 1995):

Item	Cost
Land Rental (80 acres)	$12,000
Operations (land preparation, planting, seed, fertilizer, etc.)	$15,000
Personnel salaries and benefits;	
Project Leader	$5,000
Project manager	$35,000
Post Doctoral Scientist	$35,000
Ag Economist	$5,500
Crop physiologist	$5,500
U of I Scientists	$25,000
Technical support (WIU)	$10,000
Research and Technical support (U of I)	$10,000
Travel (WIU personnel)	$3,000
Travel (Cooperators, U of I and ARS)	$3,000
Supplies	$5,000
Equipment (Environment monitoring, plot mower, etc)	$8,000
Contracts (farmers and industries, repairs)	$8,000
Total FY 1995	$185,000

University of Illinois
at Urbana-Champaign

Agricultural Experiment Station
Office of the Director
211 Mumford Hall
1301 West Gregory Drive
Urbana, IL 61801

College of Agriculture
217 333-0240

19 January 1994

Mr. Tim Howe
Agriculture Department
College of Applied Sciences
Western Illinois University
Macomb, Il 61455-1396

I received your draft proposal for long-term funding of research on the Allison farm. The farm is a unique and ideal parcel for using systems approaches to research pertaining to sustainable farm practices. Along those lines, I want to affirm the interest by faculty in the University of Illinois College of Agriculture and allied agencies in continuing and/or becoming involved in research on the Allison farm. Interested faculty and staff include Dr. Wayne Pederson (continuation of his work with plant diseases); Dr. Don Bullock (with cover crops); and INHS faculty such as Drs. Mike Gray (insect pest management) and Joe Maddox (biological control of insects and insect pathogens). Initially, these research components would probably cost about $25,000 per year. As research progressed over the years, and more components added, the costs could approach $75,000 per year.

Thank you for your interest in our involvement with the project. I look forward to working with you in attempting to stabilize the Allison farm funding for 1994, and research projects thereafter.

~~Best~~ regards,

Richard E. Warner
Assistant Director for Natural Resources and Environment

AES0119.WTU

STATEMENT OF HON. DAN HAMBURG

Mr. DURBIN. I would also like to insert in the record a statement from our colleague, Dan Hamburg, from the State of California.

[The statement follows:]

DAN HAMBURG
1ST DISTRICT, CALIFORNIA

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Congress of the United States
House of Representatives
Washington, DC 20515

COMMITTEES
PUBLIC WORKS AND TRANSPORTATION
ECONOMIC DEVELOPMENT
SURFACE TRANSPORTATION
WATER RESOURCES AND ENVIRONMENT

MERCHANT MARINE AND FISHERIES
ENVIRONMENT AND NATURAL RESOURCES
FISHERIES MANAGEMENT

TESTIMONY OF CONGRESSMAN DAN HAMBURG
APPROPRIATIONS' SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES

Mr. Chairman, thank you for the opportunity to address you regarding programs that are of vital importance to my district in Northern California.

Technical assistance provided by the **Soil Conservation Service**, funded through **Conservation Operations**, has been invaluable to private landowners and I urge you to fully fund this program in FY 95. In my district, the Service's technicians have developed co-operative voluntary programs among farmers and other landowners on a watershed basis to restore water quality, soil productivity, and prime salmonid habitat. The President's commitment to regional ecosystem resource management of federal lands cannot succeed unless it is complemented by participation of private landowners. The Service's success in developing these voluntary watershed programs is a model of the balance that must be reached between regulations and voluntary co-operative efforts of the private sector. The Service's efforts should be fully supported.

I would also like to urge increased funding above the $75.2 million requested in FY 95 for **Soil Surveys**. The Service has prepared reports and maps of surveyed soil characteristics for over 100 years. Although some regions of the country have been surveyed two or three times, two counties in my district, Humboldt and Del Norte, have never had a complete soil survey. A soil survey was started in 1988, but because only one soil scientist is assigned to work in all of northern California, more than two million acres remain to be mapped.

These counties contain extensive timber forests, productive pasture and dairy land, rangelands, and fragile wetlands. The economic and social health of these rural, resource-dependent communities requires the information that a soils survey provides. The Soils Survey must be given adequate resources to perform this service.

Mr. Chairman, the environmental integrity of my district is of the utmost importance to the livelihoods of my constituents and the precious wildlife over whose habitats we have such a dramatic influence. Nowhere is this influence more readily obvious than in our nation's waters. Rural communities often have the most difficult time complying with the requirements of the Clean Water and Safe Drinking Water Acts. **The Rural Development Administration's Water and Waste Disposal Loan and Grant Programs**, provide critical assistance in developing water and waste disposal systems in rural areas and towns with populations below 10,000. Many of these communities cannot even afford the loan program's low interest rates. I urge you to fully fund the loan program and to increase funding of the Grant program.

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I ask you to fully fund two other RDA programs, **Rural Business Enterprise Grants** and **Intermediary Relending Program Loans**, important to the people in my district. As with many parts of the Pacific Northwest, timber restrictions have placed considerable strain on the economies of communities already facing financial difficulties. The Rural Business Enterprise Grants and the Intermediary Relending Program Loans provide immediate relief vital to these communities.

The RDA's **Emergency Community Water Assistance Grants** are another key source of immediate funding in crisis situations. I urge you to restore funding for this program. Through this program last year, a small community in my District was able to perform required improvements to its drinking water system. Without this program's assistance, the community's drinking water supply was at risk. Many other small communities in the rural areas of my district face similar needs. Even the modest $10 million previous funding level provides a critical safety net for these communities.

Mr. Chairman, I also seek your support today for the **Emergency Food Assistance Program** (TEFAP), a program designed to provide administrative funding and bonus commodities to food banks and other programs which provide immediate, short-term food assistance. The 1990 Farm Bill authorizes Congress to appropriate $220 million for food purchasing and $50 million for food distribution annually. The FY95 budget completely eliminates all funding for food purchasing, and proposes $40 million for food distribution. These cuts are potentially disastrous, and I ask this Committee to return funding of TEFAP to its fully authorized levels.

TEFAP is considered the "last line of defense" for people suffering from hunger. It provides food banks across the country with a reliable source of commodities, enabling them to increase the nutritional value of food packages and to reach out to those who fall between the gaps of other federal food assistance programs. The proposed cut to the TEFAP program would affect the most vulnerable people among us: senior citizens and children under the age of seventeen.

According to California Emergency Foodlink, TEFAP allows for the delivery of over 2.7 million pounds of food to almost 53,000 people each month in my district alone. The cost of this food to the USDA is only $1.48 million. If the recipients of the TEFAP food were to purchase it themselves, the cost would rise to a prohibitive $3.7 million.

Food For Thought, a food bank that serves all of Humboldt County in my district, receives 50% of its food purchasing budget from TEFAP. TEFAP funds have doubled Food for Thought's food distribution in the last 10 years. Mr. Chairman, I ask the committee to reject the proposed cuts to TEFAP, and to fully fund the program at the authorized level.

Finally, Mr. Chairman, I urge the Committee to fund the **Distance Learning and Medical Links Program in the Rural Utilities Service** at FY 94's $10 million level. This program provides access to telecommunications services and computer networks for schools and hospitals in rural areas. Without access to the information highway, rural communities remain isolated. The effectiveness of the limited educational and health resources of rural communities can be multiplied many fold through the telecommunication links made possible by this program. Please fund this program at the $10 million level so that rural communities have the ability to share in the information infrastructure and to improve the quality of education and health care.

Thank you for your careful consideration of these programs. I welcome the opportunity to answer any questions the Committee may have.

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PART P2

STATEMENT OF THE U.S. AGRICULTURAL EXPORT DEVELOPMENT COUNCIL

Mr. DURBIN. We also have a statement from the U.S. Agricultural Export Development Council for the record.

[The statement follows:]

STATEMENT OF THE

U.S. AGRICULTURAL EXPORT DEVELOPMENT COUNCIL
to the
Subcommittee on Agriculture, Rural Development
and Related Agencies
Committee on Appropriations
U.S. House of Representatives
U.S. Senate

The U.S. Agricultural Export Development Council (USAEDC) is an organization of 86 members that work all over the world to expand demand for U.S. agricultural and forestry products. We appreciate this opportunity to present to you our funding recommendations for fiscal year 1995.

For much of its history, U.S. efforts to sell its agricultural products abroad have drawn applause. Today, however, these programs draw criticism more often than they draw kudos. And since the completion of the Uruguay Round of the General Agreement on Tariffs and Trade (GATT), there appears to be some question as to whether agricultural export promotion and marketing programs should receive as much federal support as they have in the past.

The GATT accord represents a positive but modest step for world trade and the world economy. There is no question that improved market access, reduced export subsidies, diminished internal supports in competitor countries, and more uniform sanitary and phytosanitary measures will help to level the playing field for world agricultural trade. However, the GATT accord alone will not be enough to expand U.S. agricultural exports. Moreover, our competitors will not act to open their markets or reduce their promotion efforts just because there is a new GATT agreement.

And yet, that is what the administration's proposed budget for fiscal year 1995 would have us believe. The budget calls for cutbacks in programs permitted under the agreement — programs that are more important than ever if U.S. agriculture is to remain competitive.

EEP and Export Subsidies

The Export Enhancement Program (EEP) is one of the programs that the GATT accord targets for cuts. Under the EEP, USDA's Commodity Credit Corporation (CCC) provides bonuses to exporters of U.S. agricultural commodities. These bonuses enable the prices of U.S. commodities to be competitive in markets where competitor countries subsidize their sales. Under the GATT agreement, programs such as the EEP and the subsidy efforts of the European Union will be reduced. The accord calls for subsidies to be reduced by 21 percent in quantity and 36 percent in budgetary outlays by the end of a six-year period that begins in 1995.

The administration's budget proposal calls for EEP funding to remain at $1 billion for FY '95. However, we question whether all of the money allocated to the EEP will actually be spent, since the GATT accord calls for reductions to begin in 1995. If the money is not spent, it will return to the U.S. Treasury unless something else is done.

We recommend that at least some of the money not spent on the EEP be allocated to two programs that are not restricted under the GATT accord: the Market Promotion Program (MPP) and the Foreign Market Development program.

Other Export Subsidy Programs

Before discussing market development and MPP efforts, we want to share information about how three other subsidy programs are treated in the administration's budget proposal. These programs are the Dairy Export Incentive Program (DEIP); the Sunflower Oil Assistance Program (SOAP) and Cottonseed Oil Assistance Program (COAP).

The DEIP encourages the export of U.S. dairy products to other countries and works much as the EEP does. For FY 95, the administration proposes that the DEIP budget remain at $156 million.

We believe the DEIP deserves continued support for several reasons. First, recent successes of this program demonstrate that U.S. dairy products can compete in the world market if their prices are on a par with world prices. Second, this new competitiveness has actually boosted on-farm milk prices: by moving significant quantities of dairy products into export channels, the DEIP has added between 50 and 60 cents per hundredweight to the U.S. on-farm milk price. Finally, the DEIP gives the U.S. dairy industry a chance to make that international competitiveness permanent. That's because the GATT accord calls for a reduction in all export subsidies over time — time that the industry will use to build increasingly aggressive efforts to export value-added dairy products.

Although proposed DEIP funding would remain unchanged from FY 94, the same is not true for the COAP and SOAP programs. For FY 95 the administration proposes that no funding be made available for these programs. Instead, all export subsidies for U.S. vegetable oils would be made under the EEP.

We believe that this proposal reflects a lack of understanding of oilseed markets in particular, and life after GATT in general. Let us explain why.

Technically, cottonseed oil and sunflowerseed oil are eligible for export under the EEP. However, the EEP program is targeted to customers of the European Union, where only 1 percent of the vegetable oil production is cottonseed oil — all of which is consumed internally. Moreover, the importing countries targeted by USDA for EEP subsidies do not usually import cottonseed oil. For that reason, folding the COAP program into the EEP is tantamount to killing that program.

Eliminating any market stimulation program that is legal under the GATT makes no sense in the post-Uruguay Round era. Certainly our competitors — particularly the European Union — will not. Secretary Espy recognized this when he publicly declared that the United States would be aggressive in its use of export subsidies permitted under the GATT.

Furthermore, with respect to COAP and SOAP, we must realize how elimination of these programs would affect the domestic farm sector, not to mention our fiscal bottom line. According to estimates from USDA's Foreign Agricultural Service (FAS), the $10 million of projected savings that would be realized by eliminating COAP and SOAP would be more than offset by increased deficiency payments for program crops. Those payments would reflect farmers' decisions to grow more profitable program crops instead of oil-producing crops. Once again, farmers would be responding to government decisions, not market forces. Responsible policy aims to achieve just the opposite.

Two examples of programs that exemplify responsible policy — not to mention good business sense — are the MPP and the foreign market development program.

The Market Promotion Program

The MPP is designed to open new markets and increase sales of U.S. agricultural products. The program directly targets foreign consumers in markets where U.S. food, fiber and forestry products need promotional assistance. Both the MPP program and its predecessor, the Targeted Export Assistance Program (TEA), are cost-sharing programs that help eligible commodity and trade organizations conduct export marketing programs. Eligibility for this assistance is limited to products whose contents are at least 50 percent U.S. origin by weight.

In its short life, the MPP has more than proven its value. In just its first seven years, the MPP helped boost U.S. exports of consumer-ready food products from $5.2 billion to $13.5 billion. In fact, according to USDA, every dollar invested in this program generates $2.00 to $7.00 worth of additional exports.

And yet, Congress cut funding for the MPP last year, and the Administration's budget proposal reflects that reduction. For fiscal year 1995, the proposed budget for this program has been cut to $75 million, which represents a 25 percent reduction from FY 94. Moreover, the FY 94 spending level represents a 32 percent reduction from what was spent in FY 93.

A truism of business success is that one often must spend money to make money. Investments designed to help an enterprise grow — whether that enterprise is a mom-and-pop shop or an entire nation's agricultural exports — generally pay off handsomely. Conversely, reducing one's investment in an enterprise frequently means that the enterprise itself will shrink. And once that shrinkage occurs, reversing it often is more difficult and more costly than if consistent investment levels had been maintained.

That is why we urge the Committee to reverse the damage that budget cuts would inflict on the MPP. We ask that the proposed $25 million cut be restored as a matter of good investment policy, sound business practice, and a continued commitment to a program that works.

Foreign Market Development

The foreign market development program, which also has been given a green light to continue under the GATT accord, has proven to be an extremely useful long-term marketing program in many countries.

Like the MPP, the foreign market development program is a cost-sharing program. USAEDC member organizations receive much of their support from farmers and agribusinesses who contribute money through checkoffs and direct contributions. In addition, importers often contribute goods and services to support U.S. marketing efforts in their countries.

The foreign market development program has been particularly valuable in promoting the export of bulk commodities such as wheat, corn and soybeans. Unlike the MPP, this program focuses on technical assistance and market information. Although it does not involve market promotion as the MPP does, it does require a virtually continuous presence in many markets in order to provide adequate customer servicing.

Unfortunately, the administration's budget proposal may jeopardize our ability to maintain that crucial continuous presence. The administration proposes that the foreign market development program by cut by $10 million — more than 18 percent — in FY 95. We urge the Committee to restore that $10 million for the same reasons as with the MPP: it represents a good investment, a sound business practice, and a continued commitment to a successful program.

Credit and Foreign Assistance Programs

Another program, Public Law 480, continues to be a noteworthy tool not only for providing food assistance to developing countries, but in introducing U.S. products to countries that could become cash customers later.

The Administration's budget request reduces funding for P.L. 480 from $1.598 billion to $1.307 billion. We recognize that this reduction is designed to provide funds to assist victims of the January 1994 California earthquake. However, we hope that these funds are restored to the program in the future.

Export credit guarantee programs enable the Commodity Credit Corporation to repay commercial credit extended to finance U.S. agricultural export sales. The 1990 farm bill authorizes the CCC to provide at least $5.5 billion each year for these programs. The President's budget provides funding to meet these minimum levels, as well as $200 million in guarantees for emerging democracies.

How Exports Work

There's no question that agricultural exports are good for America. U.S. farm products not only help other countries provide better diets and higher standards of living for their people – they also add jobs and inject energy into the U.S. economy.

Selling U.S. farm products abroad provides farmers here at home with more marketing options and better income opportunities. Each $1 billion in sales produces 27,000 jobs here in America – not just on the farm, but also in processing, packaging and transportation. In fact, each dollar of U.S. farm goods exported overseas adds $2.59 to the U.S. economy.

Moreover, individual members of USAEDC can point with pride to some noteworthy achievements made possible with funds from the MPP, EEP and market development programs. For example:

- An Illinois bagel manufacturer, Petrofsky's International, used MPP funds to send a "bagel car" into the streets of Tokyo and offer bagel samples to curious passersby. The promotion spurred the Japanese to buy 7 million bagels from Petrofsky's, and prompted the U.S. Small Business Administration to name Petrofsky's the SBA Exporter of the Year.
- The National Sunflower Association used market development funds to participate in a trade show in Bahrain, where staffers shared information about U.S. sunflower products with potential purchasers from Persian Gulf countries. Over the next four months, U.S. sunflower sales to the Persian Gulf area jumped 64 percent.
- The American Soybean Association helped Algerian refiners learn to process soybean oil properly, and shared information about how to use the EEP and U.S. credit programs to buy U.S. soybean oil. The combination of technical advice and educational programs helped prompt Algeria to buy 60,000 metric tons of U.S. soybean oil.
- The Cherry Marketing Institute capitalized on the exploits of fictitious FBI agent Dale Cooper, hero of the television series *Twin Peaks* and a cherry pie devotee, to sell U.S. cherries and cherry pies in Japan. The popularity of Agent Cooper and the rest of the *Twin Peaks* townspeople, combined with an educational program by the Institute, helped bring cherry pie to over 40,000 Japanese stores by the end of 1992. That

contrasted considerably from the beginning of the year, when cherry pie could not be found anywhere in Japan.

Investing in the Future

These four organizations and their 82 USAEDC colleagues know that marketing is not easy. It takes ingenuity: the kind that capitalizes on an off-beat TV series to generate interest in a product, or prompts a small business owner to take a unique approach to selling his merchandise. It also takes investment: a willingness to make a consistent financial investment in good times and bad in order to ensure a profitable future.

Farmers and agribusinesses know that those investments are important. They provide support to the activities of USAEDC member organizations through checkoffs and direct contributions. Importers also recognize the importance of such investments. They often contribute goods and services that support U.S. marketing efforts in their countries.

And, until recently, both the Executive Branch and the Legislative Branch have demonstrated an admirable commitment to investing consistently in future export growth. USAEDC and its members have appreciated this support over the years.

Now is not the time for that commitment to diminish. A new GATT accord does not mean less competition; it is likely to mean more. If U.S. agricultural exports are to continue bringing us the economic benefits to which we have become accustomed, we must continue to make the investments that will make those benefits possible.

That means we should spend more, not less, on efforts such as the foreign market development and MPP programs. These programs have proven their worth time and time again, and under the GATT they can continue. The EEP also can continue — albeit at a reduced level.

We think it is fair to say that other countries and trading blocs will not hesitate to continue supporting their exports to the furthest extent permitted under the GATT accord. That being the case, we submit to this Committee that the United States cannot afford to do anything less.

Thank you.

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TUESDAY, APRIL 19, 1994.

FARMERS HOME PROGRAM/YOUTH-AT-RISK

WITNESS

HON. LEE HAMILTON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF INDIANA

Mr. DURBIN. Congressman Lee Hamilton.

Mr. HAMILTON. Thank you very much, Mr. Durbin. I have a conference committee I am presiding at, so I appreciate the accommodation you make for me here. I ask, of course, unanimous consent that my statement be put into the record.

Mr. DURBIN. Without objection.

Mr. HAMILTON. I am seeking your support for a rural development grant application to be submitted by the Farmers Home Administration by the Fayette County, Indiana, Industrial Development Corporation. They are in the process of applying for that grant now, to establish a revolving loan fund through the Farmers Home Administration, Rural Business Enterprise Grant Program. They are seeking $100,000 a year over five years, and they will provide a local five percent match.

As you know, this grant program is designed to finance and facilitate development of small and emerging private business enterprises in rural areas, or cities up to 50,000 population. The Fayette County Industrial Development Corporation will pursue this business development program in Fayette County, focusing its efforts in the county seat of Connersville, Indiana.

Both the city and the county meet the eligibility criteria for the program. They have had a very high unemployment rate there recently, and lost over 2,000 manufacturing jobs in the last decade.

In 1992, they had the second highest unemployment rate in the State of Indiana, 12.5 percent, and its unemployment rate still ranks in the upper one-third.

This is a very high priority for state and local officials. I want to be helpful to them in their efforts to promote economic development in Fayette County, and I ask your approval and careful consideration of their request.

Secondly, I simply want to observe that we do have in Aurora, Indiana, the Ruth Youth–At–Risk Program. I am very familiar with the work of that program, and believe it exceedingly valuable. It is designed to boost math and science literacy, develop a more positive attitude towards math and science in school, and improve parental skills in this area.

I know your interest in that program, Mr. Chairman, and I simply want to say to you I have seen this personally, and it is an excellent program. It excites young people in the math and science skills, particularly, I might say, among young girls, and gets them to be stimulated in their interest in studying math and science. So I have been very favorably impressed with that program, and I hope you will see fit to support it.

All right, sir.

Mr. DURBIN. Thank you.

Let me ask you this, Mr. Hamilton. The Fayette County group is seeking a $100,000 grant, are they?

Mr. HAMILTON. That is correct. That is $100,000 per year over the next five years for this program.

Mr. DURBIN. Okay. Thank you very much.

Mr. HAMILTON. All right, sir.

Mr. DURBIN. Appreciate it. Thank you.

[The statement follows:]

LEE H. HAMILTON
9TH DISTRICT, INDIANA

COMMITTEES

COMMITTEE ON FOREIGN AFFAIRS
CHAIRMAN

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THE HONORABLE LEE H. HAMILTON

Statement before the

House Appropriations Committee

Subcommittee on Agriculture

April 19, 1994

Mr. Chairman and members of the committee. Thank you for providing me with an opportunity to testify today in support of a project of particular importance to the Ninth Congressional District of Indiana.

Rural development grant

I am seeking your support for a rural development grant application to be submitted to the Farmers Home Administration by the Fayette County Industrial Development Corporation (FCIDC).

The FCIDC is in the process of applying for a grant to establish a revolving loan program through the FmHA Rural Business Enterprise Grant program. The FCIDC is seeking $100,000 per year over the next five years for the revolving loan program, and will provide a local 5% match.

As you know, this rural development program is designed to finance and facilitate development of small and emerging private business enterprises in rural areas or cities up to 50,000 population. Priority is given to applications for projects in open country, rural communities and towns of 25,000 residents or smaller, and economically distressed communities.

The FCIDC will pursue this business development program in Fayette County, focussing its efforts in the county seat of Connersville. Both the City and County meet the eligibility criteria for the program. Connersville and Fayette County have experienced high levels of unemployment in recent years. Between 1980 and 1990 over 2,000 manufacturing jobs were lost, and in 1992 Fayette County had the second highest unemployment rate in the state (at 12.5%). The County's unemployment rate still ranks in the upper one-third of Indiana counties.

The FmHA grant will help the FCIDC to attract and develop small businesses in Connersville and Fayette County. The program would greatly assist economic development and job creation efforts in the community.

This project is a high priority for state and local officials in

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Indiana. I want to be helpful to them in their efforts to promote economic development in Fayette County and the state. I urge your approval of this request.

Youth-at-Risk program

I appreciate your interest in getting my views on the effectiveness of the Youth-at-Risk program based in Aurora, Indiana in my congressional district. I am familiar with the work of this program, and believe it to be very valuable. I strongly recommend continued Congressional support for this program.

As you may know, a "Youth-at-Risk" grant was instrumental in establishing Space Station Indiana in 1991. This program was designed to increase math and science literacy among second and third graders who were required or recommended to attend remedial summer school because of poor test scores or poor performance in school.

Aurora Elementary School was selected as one of the three initial sites in Indiana, in part because of the high poverty levels among the youth population in the community. The program began as a 9 month program held in the summer with follow-up tutoring and small group meetings. It has since evolved and expanded into a 12 month program with a far greater scope. The Space Station program reaches over 450 students in the South Dearborn School Corporation.

The program has three basic objectives: boosting math and science literacy; developing a more positive attitude towards math and science, and school in general; and improving parenting skills through parenting classes and other education activities. The program seeks to achieve these goals by giving students hands-on experience with math and science projects, including parents in classroom work, and involving students in other learning activities.

I understand that the program has been successful in increasing math and science skills, particularly among young girls, and stimulating interest in studying math and science. Parents and teachers have also responded favorably to the program. Community events associated with the Space Station program have had a wide appeal. An Instrument Fair, for example, involved 350 Space Station students displaying their homemade instruments.

Space Station Indiana is making an important difference in the lives of students and parents in Aurora and Dearborn County. Federal funding is critical to the continued success of this program, and I urge your support.

I would be pleased to answer any questions you may have about the Fayette County program or Space Station Indiana.

MEAT AND POULTRY INSPECTION

WITNESS

CAROL TUCKER FOREMAN, SAFE FOOD COALITION

Mr. DURBIN. Carol Foreman of the Safe Food Coalition.

Ms. FOREMAN. Thank you, very good to be here.

I am Carol Tucker Foreman, and I am here today on behalf of the Safe Food Coalition, which is a group of consumer, public health and labor organizations working to improve meat and poultry inspection.

And we seek your help in persuading the Department of Agriculture to move more quickly and effectively in reducing foodborne illness.

According to the Centers for Disease Control in the Carter Center, there are between 6.5 and 80 million cases and approximately 9,000 deaths from bacterial foodborne illness each year in the United States. USDA's Economic Research Service estimates that foodborne illness costs us between two and four billion dollars each year in medical cost and loss productivity.

Most of the foodborne illness comes from foods of animal origin: meat, poultry, eggs, shellfish and cheese. And it is clear that major changes need to be made in the way food is grown and processed, and how it is handled by retailers, food service personnel and consumers.

Secretary Espy has made a commitment and he seems to be moving on it. He has one major victory. After 20 years, we now have mandatory safe handling instructions on meat and poultry, and for the first time in many years the Department has begun a very positive dialogue with groups such as ours. We think that an open decision-making process will lead to better decisions.

The Department is not making much progress in detecting and reducing bacterial contamination, especially on raw meat and poultry.

The goal is to keep people from getting sick. To do this effectively, the Department needs to know: what bacteria make humans sick; how much of it does it take to make them sick; how can you reduce the pathogens below that level; and how can you make sure that meat and poultry products leaving a federally inspected plant do not exceed that level.

We have to persuade the Department of Agriculture to start with what makes people sick, and work backwards from that point to control pathogen contamination.

National Academy of Sciences, in 1985, urged the Department to begin the process of risk assessment so they could then control microbial contamination. The Department ignored the NAS recommendations for several years. As a result, the agency does not have much expertise on how to detect, measure and control bacteria.

We are not asking FSIS to require meat and poultry be sterile. We are asking that the Department devise a reasonable program to reduce bacteria in meat and poultry to a reasonably safe level. Other countries have done it. Other agencies have done it.

We would like to ask you to help us speed up the process, to require the Department to institute a vertical sampling test to determine levels of bacterial contamination at every step from slaughter to processing. This baseline study could give us the information about where contamination occurs and where it expands, where it grows, and what steps might be taken to reduce it and where most effectively it might be done.

NAS CONTRACT

We would like you to direct the Department to contract with the National Academy of Sciences to develop a detailed plan of specific research programs, to get the appropriate guidelines for maximum acceptable levels of pathogenic bacterial.

And, finally, we would hope that you could then make funds available for the Cooperative State Research Service to make grants for the projects that NAS identifies.

If the CSRS does this, we would hope that they would establish a review committee made up of appropriate staff people from their relevant agencies—CDC, FDA and FSIS—as well as outside experts in human health, and consumer representatives. This action, we believe, could speed us considerably in getting the data that we need in order to get to reduce bacterial contamination of meat of poultry and the toll from foodborne illness.

Thank you, sir.

Mr. DURBIN. Ms. Foreman, is there something that they are presently spending the $150,000 on that you—for risk assessment that you think is unnecessary or in the wrong direction?

Ms. FOREMAN. Yes. There are three projects and two of them have no impact at all on human health. One of them is to determine the effectiveness of looking for a disease in turkeys that does not make human beings sick. USDA now checks for it, and the industry does not like having to do that check, and they could save money if they did not do it. So the Department's proposal there is to find out does checking for the disease have any impact on human health.

Mr. DURBIN. But the two others that you mention, cross contamination and the dripping condensation, seem to be——

Ms. FOREMAN. Dripping condensation, probably, Mr. Chairman, is not a human health problem. As awful as it sounds, it has to be dropping off a surface that has something in it that contaminates the product.

Now, as a regulator, I did not want them to drip and it is the sort of thing that makes the public gag a little bit, but it probably does not have bacteria in it. And unless it is coming off a surface that leaches lead or something like that, it is probably not harmful.

Mr. DURBIN. Okay, we will follow up on it.

Ms. FOREMAN. Thank you.

Mr. DURBIN. Ms. De Lauro?

Ms. DELAURO. No questions.

Mr. DURBIN. Thanks for joining us.

[The statement follows:]

SAFE FOOD COALITION

1155 21st Street, NW, Suite 1000; Washington, DC 20036 (202) 822-8060

Statement of
CAROL TUCKER FOREMAN[1]
Before the
Agriculture, Rural Development,
Food and Drug Administration and Related Agencies
Subcommittee of the
Committee on Appropriations
UNITED STATES HOUSE OF REPRESENTATIVES
April 19, 1994

Mr. Chairman, I am Carol Tucker Foreman. I appear today on behalf of the following members of the Safe Food Coalition: The American Public Health Association, Food and Allied Service Trades Department (AFL-CIO), Government Accountability Project, National Consumers League, Public Citizen, Public Voice for Food and Health Policy, United Food and Commercial Workers International Union, and Safe Tables -- Our Priority.[2]

Our Coalition urges the Appropriations Committee to send a clear, strong signal to the U.S. Department of Agriculture (USDA) that it must move more quickly and effectively to protect the public from foodborne illness resulting from microbial contamination of meat and poultry.

The problem of bacterial foodborne illness was brought to public attention in January 1993 when an outbreak of disease caused by E.coli 0157:H7 killed four children and made hundreds of others sick. This dramatic event was merely the tip of the iceberg of a serious public health problem.

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[1] Carol Tucker Foreman is president of the Washington, D.C. public policy consulting firm, Foreman & Heidepriem, Inc. From 1977-81, she served as Assistant Secretary of Agriculture for Food and Consumer Services. Her responsibilities included direction of the nation's meat and poultry inspection programs.

[2] The Safe Food Coalition, an alliance of consumer advocacy, senior citizen, whistleblower protection and labor organizations was formed in 1987 to work for improvements in the nation's food inspection programs.

According to the Centers for Disease Control and Prevention (CDC) and the Carter Center, there are between 6.5 and 80 million cases of and approximately 9,000 deaths from bacterial foodborne illness each year in the U.S. USDA's Economic Research Service has estimated that foodborne illness costs this nation about $2 to $4 billion each year in medical costs and lost productivity. These are conservative estimates because the foodborne disease reporting system is acknowledged to underestimate the number of illnesses and deaths.

The most common sources of bacterial foodborne illness are meat, poultry, eggs and shellfish. It is clear that major changes need to be made, from production to consumption, in the way food is grown and processed, and how it is handled by retailers, food service personnel, and consumers.

Secretary Espy and the Clinton Administration have made a commitment to improving inspection and have managed at least one major victory. Twenty years after consumers first sought mandatory safe handling instructions on meat and poultry products, the Clinton Administration has achieved that goal.

The Department is pursuing other changes that should improve inspection. And the Department has, for the first time in many years, begun a productive dialogue with groups such as ours. We believe that opening the decisionmaking process will lead to better decisions.

However, the Department is not making sufficient progress in detecting and reducing bacterial contamination of meat and poultry, especially raw meat and poultry.

The goal of meat and poultry inspection is to keep people from getting sick. To do that effectively, the Food Safety and Inspection Service (FSIS) must know:

- what bacteria make humans sick;
- how much of a particular bacterium it takes to make a human sick;
- how to reduce the pathogen below that level; and
- how to make sure meat and poultry products leaving a federally inspected plant do not exceed that level.

We need to start with what makes people sick and work backward from that point to control pathogen contamination at each point.

In its 1985 report, Meat and Poultry Inspection: The Scientific Basis of the Nation's Program, the National Academy of Sciences (NAS) urged the Department to begin to develop a new inspection system by doing the basic "risk assessment" I have described above and then to build a system to prevent or reduce the risks.

Until recently, USDA ignored the NAS recommendations. As a result, the Agency has little expertise in how to detect, measure, and control bacteria. The Pathogen Reduction Program is not a coherent plan that starts from the goal of keeping an infective dose from reaching a human being. And it is not likely to be effective in meeting that goal.

Let me give you an example. For the first time in its history, USDA has a specific budget item for "risk assessment." According to NAS, this is the first and most basic step in a program to prevent foodborne illness. However, FSIS has allocated only $150,000 out of a total budget of $600 million to this basic step. The Agency reports that it has three proposed risk assessment projects. They are: 1/ a study of cross contamination of raw and ready-to-eat products; 2/ inspection of turkeys for osteomyelitis complex (a condition that does not cause humans to be ill but is sometimes caused by organisms that make humans ill); and 3/ inspection for dripping condensation.

Mr. Chairman, it is hard to believe the Department is serious about risk assessment when it allocates only a minuscule amount of its inspection budget to this most basic step. It is even harder to believe that these projects are viewed as a reasonable risk assessment program. The second and third of these projects are not primarily directed at preventing disease in humans. They are useful only to determine if the FSIS should continue to require inspection procedures that are expensive for industry and may not have a human health impact. That is a worthy goal, but not really a priority.

I am unable to find any evidence that USDA has projects underway or has set specific timelines to establish maximum acceptable levels of pathogenic bacteria on raw meat and poultry or to establish that certain levels of fecal contamination indicate that pathogenic bacteria are present in such numbers that a product will be harmful to human health.

We are not asking that FSIS require meat and poultry to be sterile. We are asking that the Department devise a reasonable program to reduce bacteria in these products to a reasonably safe level. It can be and has been done by others. Other countries, including Sweden, the Netherlands, and Japan, have set criteria for maximum acceptable levels of bacterial contamination in raw meat and poultry. The Food and Drug Administration (FDA) has set guidelines for maximum acceptable levels of certain pathogens in raw shrimp and crabmeat.

If you allow the Department to continue down the present, meandering path, many of people are going to get sick and die before guidelines are established.

We ask that the Committee do three things to speed up the process of reforming the meat and poultry inspection system:

1. Require USDA to institute a vertical baseline sampling test to determine levels of bacterial contamination on all raw meat and poultry products at every step from slaughter to processing. This could help us understand where contamination occurs, what processing

and distribution factors encourage bacterial growth, and what steps might be taken to reduce bacteria levels as much as possible and as quickly as possible.

2. Direct the Department to contract with the National Academy of Science's Food and Nutrition Board to develop a detailed plan of specific research projects to give the USDA information it needs to set appropriate guidelines for maximum acceptable levels of pathogenic bacteria on both raw and processed meat and poultry. These guidelines should be applicable to products as they leave a USDA inspected establishment.

NAS should also estimate the funding level and time necessary to complete the work.

3. The Committee should make sufficient funds available for the Cooperative State Research Service (CSRS) to make grants for the projects the NAS identifies. Further, you should direct the CSRS to establish a review committee made up of appropriate staff people from the relevant agencies: CDC, FDA and FSIS as well as outside experts in human health and consumer representatives.

The review committee would decide which grant applications are most relevant to the NAS plan and most likely to provide the information needed for a modern regulatory program.

WIC FARMERS MARKET PROGRAM

WITNESS

MARK WINNE, DIRECTOR, HARTFORD FOOD SYSTEM

Mr. DURBIN. Mark Winne.

Mr. WINNE. Mr. Chairman, members of the committee. My name is Mark Winne, and I am the Executive Director of the Hartford Food System based in Hartford, Connecticut. It is a pleasure to present testimony today on behalf of my organization and the National Association of Farmers' Market Nutrition Programs. I am speaking today in favor of the WIC/Farmers' Market Nutrition Program. The reauthorization of the program is contained in Title II of H.R. 3580 and Senate Bill 1614.

The WIC/Farmers' Market Nutrition Act was signed into law on July 2, 1992. With its passage, a multi-year federal demonstration project in ten states became a program which is now available to any state in the country. Currently, 11 states receive federal funding. In 1994, 13 additional states, the District of Columbia and an Indian Tribal Organization submitted state plans to operate a program. We anticipate that USDA will formally announce its selection of new states and their grant amounts in the near future.

The WIC/Farmers' Market Nutrition Program is designed to meet two objectives: To make fresh produce available to low- income, nutritionally at-risk consumers; and to expand the awareness and use of farmers' markets within low-income communities.

With every dollar invested in the program, two very desirable outcomes occur. First, pregnant women and young children who are known to be nutritionally at risk receive fresh, locally-grown fruits and vegetables. In 1993, over 500,000 WIC participants received vouchers of 10 to 20 dollars for the purchase of native produce. The extra fruits and vegetables are especially important to the WIC participants in my home city of Hartford where, according to a recent study of childhood poverty, 47 percent or nearly half of our children live below the federal poverty level.

Secondly, small family farmers benefit from increased economic activity through their participation in farmers' markets. The program attracts a new base of customers who continue to return to the farmers' markets after the vouchers have been spent. Across the country over 4,000 farmers at 650 farmers' markets are selling their produce to WIC households. Program surveys have found that as many as 60 percent of these households had never been to a farmers' market prior to receiving the vouchers.

According to the study of the program commissioned by USDA and performed in 1989, WIC women who received coupons increase both fruit and vegetable consumption by about five percent relative to WIC women who did not receive vouchers. Individual states have performed independent evaluations which demonstrate even greater increases in fresh produce consumption. One study performed by the University of Connecticut found that participants who also used cash and food stamps at farmers' markets increased their produce consumption by up to 50 percent. Further data gathered in 1993 found that participants who are in the program for two or more years achieve even higher levels of increased produce consumption.

The program also makes high quality, reasonably priced produce available in areas that are chronically underserved by good supermarkets. By simulating the formation of farmers' markets in areas as diverse as the urban South Bronx, New York, and rural Espanola, New Mexico, the program has enticed hundreds of farmers to sell produce in communities that need it the most.

In New Haven, Connecticut, the program is serving as an incentive for a neighborhood community center and residents of a public housing project to start their own farmers' market, grow food on vacant city land, and invite area farmers to sell at the market. Across the State of Connecticut, we have seen the number of farmers' markets increase from 16, in 1987, when the program began, to over 40 farmers' markets today.

A provision contained in Senate Bill 1614 would allow an additional three percent administrative funds to be used by states to conduct market organizing and training efforts. This provision, which I would urge the House to include in H.R. 3580 as well, would provide additional support for states wanting to start farmers' markets.

Congress appropriated $5.5 million for the program for the 1994 fiscal year. However, requests totaling over $10 million have been received by USDA from 26 applicants. Many states not applying for federal funds this year are operating or starting pilot programs with private and/or state funds in order to prepare themselves for a federal application in 1995.

In order to meet this anticipated demand, I urge you to approve federal funding in the amount of $10.5 million for fiscal year 1995. As currently required by law, states must also provide 30 percent funding match.

I would like to thank the members of the subcommittee for your support, and I look forward to the day when all the states are providing fresh, locally grown fruits and vegetables to WIC participants through the Farmers' Market Nutrition Program.

Thank you.

Mr. DURBIN. Thanks, Mr. Winne.

I would like to defer to my colleague from Connecticut, Ms. DeLauro.

Ms. DELAURO. Thank you very much, Mr. Chairman. I want to say thank you to Mr. Winne for coming today to testify on behalf of the WIC/Farmers' Market Program. Mr. Winne has been an outstanding and articulate spokesperson for this program. I would say that the program's success has a lot to do with his dedication and the effort that he has put into the program.

Mr. Winne, let me just ask you a couple of questions. One, you said in your testimony that the program has contributed to the nutrition education of those who participate in it. What was the evidence in the survey that demonstrated this fact in Connecticut?

Mr. WINNE. Well, we have done a number of surveys. One that was done by the University of Connecticut found that participants had in some cases increased their—rather, 50 percent of the participants had increased their consumption of fresh produce through their participation in the program.

We found also through additional surveys that the longer that someone is in the program, of two or more years in particular, the more likely they are to actually increase their consumption. So there is a long-term effect of the program or that is derived from long-term participation.

I also should say that simply by encouraging the habit of going to a farmers' market and buying fresh produce, and we see that happen, 60 percent of the people receiving coupons had never been to a farmers' market. Just by developing that habit, people are then getting into the habit of buying more locally grown produce and eating more fresh produce.

Ms. DELAURO. At what rate are the Connecticut participants using the coupons? What are the percentages?

Mr. WINNE. Over 80 percent of the participants actually use coupons. Of the total dollars that are distributed, or that are issued each year to participants, 65 percent of those coupons are redeemed. However, over 80 percent of the participants use at least one coupon.

Ms. DELAURO. Thank you very much, Mr. Winne.

Thank you, Mr. Chairman.

Mr. DURBIN. Thanks for your testimony. I agree with your conclusions on this, that we are providing the right kind of food at better prices for people who need it. We are going to do our best to help.

Mr. WINNE. Thank you very much.

Mr. DURBIN. Thanks for coming.

[The statement follows:]

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Mark Winne, Director

TESTIMONY BY MARK WINNE FOR THE NATIONAL ASSOCIATION OF FARMERS MARKET NUTRITION PROGRAMS

MARCH 23, 1994

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• A non-profit organization addressing food and hunger issues •

Chairman Durbin and members of the Subcommittee, my name is Mark Winne and I am the Executive Director of the Hartford Food System based in Hartford, Connecticut. It is a pleasure to present testimony today on behalf of both my organization and the National Association of Farmers' Market Nutrition Programs. I will be presenting testimony in favor of the WIC/Farmers' Market Nutrition Program. The reauthorization of this program is contained in Title II of H.R. 3580 and Senate Bill 1614.

The WIC Farmers' Market Nutrition Act of 1992 (P.L. 102-314) was signed into law on July 2, 1992. With its passage, a multi-year Federal demonstration project in ten states became a program which is now available to any state in the country. Currently, 11 states receive Federal funding. They are Connecticut, Massachusetts, Vermont, New York, Pennsylvania, Texas, Iowa, North Carolina, Michigan, Washington, and Maryland. In 1994, 13 additional states, the District of Columbia and an Indian Tribal Organization submitted State plans to operate a program. They are California, Indiana, Kentucky, Maine, Minnesota, Missouri, New Hampshire, New Jersey, New Mexico, Ohio, Rhode Island, South Carolina, West Virginia, the District of Columbia and the Cherokee Nation of Oklahoma We anticipcate that USDA will formally anmnounce its selection of new states and their grant amounts in the near future.

The WIC/Farmers' Market Nutrition Program (WIC/FMNP) is designed to meet two objectives:

- To make fresh produce available to low-income, nutritionally at-risk consumers and,
- To expand the awareness and use of farmers' markets within low-income communities

With every dollar invested in the WIC/FMNP, two very desirable outcomes occur. First, pregnant women and young children who are known to have nutritional deficiencies receive fresh, locally-grown fruits and vegetables. In 1993 over 500,000 WIC participants received vouchers of $10 to $20 for the purchase of native produce. The extra fruits and vegetables are especially important to the WIC participants in my home city of Hartford where, according to a recent study of childhood poverty, 47% or nearly half of the children live below the poverty level.

Second, small family farmers benefit from increased economic activity through their participation in farmers' markets. The program attracts a new base of customers to farmers' markets who continue to return to the markets after their vouchers have been spent. Over 4,000 farmers at 650 farmers' markets are selling their produce to WIC households. Program surveys have found that as many as 60% of these households had never been to a farmers' market prior to receiving the vouchers.

Nutrition Education

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The WIC/FMNP is an effective nutrition education program as well. By exposing WIC participants to farmers' markets, often for the first time, the program has created hundreds of thousands of new market shoppers who are adding fresh produce to their diets on a regular basis. The issuance of vouchers to WIC mothers is supported in both the WIC clinic and at the farmers' markets with nutrition information in the form of printed materials, videos, and cooking demonstrations.

WIC staff are strongly supportive of the WIC/FMNP. In many cases, local WIC directors have worked hand-in-hand with local farmers and community development officials to establish a farmers' markets so that their clients would benefit from the program. WIC nutritionists clearly see how the program leads directly to better eating habits. There is no better incentive for someone to change their diet than through offering them vouchers for the purchase of fresh produce at a nearby farmers' markets. One state WIC director said that, "the WIC/FMNP is an example of a combined farm and food assistance initiative which has clearly benefited the farmers, the WIC program and WIC participants."

The Surgeon General's 1988 Report, the Dietary Guidelines for Americans and the National Cancer Institute's (NCI) reported that "people who eat four or more servings of produce daily are diagnosedd with half the number of cancers than those who consume one or less serving a day." Increasing the nation's consumption of fruits and vegetables to five servings per day is a goal of Healthy People 2000.

Program Evaluations

According to the study of the WIC/FMNP commissioned by USDA and performed in 1989, WIC women who received coupons increase both fruit and vegetable consumption by about 5 percent relative to WIC women who did not receive vouchers. Individual states have performed independent evaluations which demonstrate even greater increases in fresh produce consumption. One study performed by the University of Connecticut found that participants who also use cash and food stamps at farmers' markets increase their produce consumption by up to 50%. Further data gathered in 1993 found that participants who are in the program for two or more years achieve even higher levels of increased produce consumption.

Community Development

The WIC/FMNP also makes high quality, reasonably priced produce available in areas that are chronically under served by good supermarkets. By stimulating the formation of farmers' markets in areas as diverse as the urban South Bronx, N.Y. and rural Espanola, N.M., the

3

WIC/FMNP has enticed hundreds of farmers to sell produce in communities that need it the most. In New Haven, Connecticut the program is serving as an incentive for a group of community residents from a neighborhood community center and public housing project to start their own farmers' markets, grow food on vacant city land, and invite area farmers to sell at the market. Across the state of Connecticut, we have seen the number of farmers' markets increase from 16 in 1987, when the program began, to over 40 farmers' markets today.

A provision contained in Senate Bill 1614 would allow an additional 3% in administrative funds to be used by states to conduct market organizing and training efforts. This provision, which I would urge the House the include in its version, would provide additional support for states wanting to start farmers' markets.

This multi-faceted program provides fresh produce to low income families; it develops new markets for small family farmers; and it provides an economic stimulus for depressed communities. In the words of Charles Wille, President of the New York Farm Bureau, "Rarely has a government program done so much good for so many people at such a modest price."

Funding

Congress appropriated $5.5 million for the WIC/FMNP for the 1994 fiscal year. However, requests totaling over $10 million have been received by USDA from 26 applicants, including the 11 states that now receive Federal funds. In addition, interest in the program has been expressed by almost every state, Puerto Rico, American Samoa, and several tribal nations. Many states not applying for Federal funds this year are operating or starting pilot programs with private and/or state funds in order to prepare themselves for a Federal application in 1995. In order to meet this anticipated demand, I urge you to approve Federal funding in the amount of $10.5 million for FY 95, $12.5 million for FY 96, and $15.5 million for FY 97. As currently required by law, states must also provide a 30% funding match.

I would like to thank the members of the Subcommittee for your support of this program. I look forward to the day when all states are providing fresh locally grown fruits and vegetables to WIC participants through the WIC Farmers' Market Nutrition Program.

VETERINARY RESEARCH AND DIAGNOSTIC CENTER AT SOUTH DAKOTA STATE UNIVERSITY

WITNESS

HON. TIM JOHNSON, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF SOUTH DAKOTA

Mr. DURBIN. I am going to ask my colleague, Mr. Johnson, to come up to the table, and we are on a roll call vote. And when we break in a few minutes, if you happen to be on the witness list and anticipate a tight airplane schedule or something ahead, come talk to the staff and we will do our best to accommodate you, but I am afraid we are going to be faced with these roll calls continuously as we bring the crime bill under control.

Mr. Johnson, thank you for joining us.

Mr. JOHNSON. Well, thank you, Mr. Chairman, and members of the committee. I will briefly summarize my statement to expedite things here, and I appreciate it being accepted for the record.

I appreciate the opportunity to express my strong support for federal funding for construction of the animal resource wing of the Veterinary Research and Diagnostic Center at South Dakota State University. This project will greatly expand the facilities available in the Northern Plains for livestock research and will renovate an aging lab and provide the state-of-the-art facilities for SDSU to continue its research and diagnostic efforts.

This wing is half of a proposed regional Veterinary Research and Diagnostic Center for the Northern Plains. It's a $10.8 million facility based on a plan for 50/50 split in state and federal funding.

The State of South Dakota has already demonstrated its strong support for this facility by appropriating $5.4 million or half the funding. The state funding will go towards the construction of the diagnostic wing of the new center. SDSU has requested a matching $5.4 million in federal funds for fiscal year 1995, which would be used for the planning and construction of the animal resource wing.

These funds would provide for the conversion of the present animal and range sciences and vet sciences facility to meet upcoming federal standards to house live animals and large domestic animals.

Now, the proposed center would help strengthen the livestock industry, which is the largest industry in the Northern Plains, providing an ideal environment for studying infectious diseases in farm animals. The benefits of this research will be critical to states like South Dakota, where the livestock industry contributes $8.7 billion to the economy. The facility will help build the economy of the Northern Plains by creating a stronger multi-state research and diagnostic effort.

The SDSU has a long tradition of research and extension efforts and has been the site of several important ag research breakthroughs. Of special note in recent years was the successful reproduction of mystery swine disease in germ-free pigs by a team led by Dr. David Benfield, a researcher at SDSU.

The diagnostic lab also provides critical diagnostic services to vets and livestock producers in South Dakota and the surrounding states. The lab's pathologist handles 26,000 cases annually; 85 percent of which concern food animals. The proposed expansion and renovation project is crucial for the diagnostic lab to be able to manage its growing diagnostic case load and continue its excellent tradition of animal disease research.

So I am well aware of the funding difficulties again facing you this year, Mr. Chairman. However, I believe we have got to continue to pursue research to sustain a high quality, profitable agricultural industry across America. Federal funding for the animal resource wing will continue a partnership between the federal government and the state universities which has been so beneficial for agriculture and the nation.

My full statement is submitted for the record of the committee, and I appreciate this opportunity to appear before you, Mr. Chairman.

Mr. DURBIN. Thanks, Mr. Johnson.

Last year, I believe, we appropriated some $37 million for all of these projects nationwide, and I think by the end of conference we were up to $57 million, but we always precede the funding with a feasibility study, and we are trying to hold back feasibility studies until we—we are trying to make history here by completing a building. We want to complete a building, one building in our lifetime. But this sounds like a good project.

And let me talk to you privately afterwards to see if there is a way we can get it underway, at least to see if there is a possibility we can work with the Senate on that.

Mr. JOHNSON. Very good, Mr. Chairman. I appreciate your help and your cooperation.

Mr. DURBIN. Thank you, Mr. Johnson.

[The statement follows:]

TESTIMONY BY CONGRESSMAN TIM JOHNSON ON THE ANIMAL RESOURCE WING OF THE VETERINARY RESEARCH AND DIAGNOSTIC CENTER AT SOUTH DAKOTA STATE UNIVERSITY

BEFORE THE SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES

April 18, 1994

Funding Request: $5.4 million of CSRS Building and Facilities funds for planning and construction of the SDSU Animal Resource Wing. This funding would be the federal portion of a proposed 50:50 federal-state effort. The State of South Dakota has already appropriated its half of the funding for the project.

Short Description of Project: The Animal Resource Wing would be part of the proposed Veterinary Research and Diagnostic Center at South Dakota State University, providing an ideal facility for animal disease research and diagnostic services. The Animal Resource Wing will have state of the art animal isolation rooms which will be necessary to comply with upcoming American Association for Accreditation of Laboratory Animal Care (AALAC) standards. The facilities will allow for experiments which require biocontainment of animal pathogens, genetically-engineered agents, or animals.

Goal: To strengthen the economy of the Northern Plains livestock industry through a stronger, multi-state research and disease diagnostic effort.

Statement:

Mr. Chairman and other members of the Subcommittee, I appreciate the opportunity to come before you to express my strong support for federal funding for construction of the Animal Resource Wing of the Veterinary Research and Diagnostic Center at South Dakota State University. The Animal Resource Wing project will greatly expand the facilities available in the Northern Plains for livestock research, and will renovate the existing lab — which is aging — providing state of the art facilities for South Dakota State to continue its research and diagnostic effort.

You already know how important continued ag research is to the profitability of family-sized farmers and ranchers. Breakthroughs in research put dollars in producers pockets and increase the competitiveness of the American livestock industry as a whole. The benefits of ag research are not limited to a particular state or region, and SDSU has received support for this project from producers in surrounding states that rely on the services provided by the SDSU laboratory.

The Animal Resource Wing is half of a larger project to develop a regional Veterinary Research and Diagnostic Center for the Northern Plains. This $10.8 million facility is based on a plan for a 50:50 split in state-federal funding. The state of South Dakota has already expressed its strong support for this facility by appropriating its half of the funding. This $5.4 million funded by the state of South Dakota will go toward the construction of the Diagnostic Wing of the new Center. South Dakota State University has requested a matching $5.4 million in federal funds for FY95 which would be used for the planning and construction of the Animal Resource Wing. The funds would provide for the conversion of the present Animal and Range Sciences and Veterinary Sciences facility to meet upcoming federal standards to house lab animals and large domestic animals.

The proposed center would help strengthen the livestock industry, which is the largest industry in the Northern Plains, by providing an ideal environment for studying infectious diseases in farm animals. The benefits of this research will be critical to states like South Dakota, where the livestock industry contributes $8.7 billion to the economy. The facility would help build the economy of the Northern Plains by creating a stronger, multi-state research and diagnostic effort.

South Dakota State University has a long tradition of research and extension efforts and has been the site of several important agricultural research breakthroughs. Of special note in recent years was the successful reproduction of Mystery Swine Disease in germ-free pigs through the efforts of a team led by Dr. David Benfield, an SDSU veterinary researcher. This breakthrough led to the isolation of the virus. Mystery Swine Disease can be devastating when it strikes a herd, costing a producer $250 to $500 per sow in lost pigs. The disease had been costing producers $16.2 million a year in South Dakota alone.

The SDSU Diagnostic Lab provides critical services to veterinarians and livestock producers in South Dakota and the surrounding states. The lab's pathologists handle 26,000 cases annually, 85% of which concern food animals. The proposed expansion and renovation project is crucial for the Animal Disease Research and Diagnostic Lab to be able to manage its growing diagnostic caseload and continue its excellent tradition of animal disease research. Especially important is that the facility be modernized to comply with the animal care standards established by the American Association for Accreditation of Laboratory Animal Care (AALAC).

I am especially proud that the South Dakota State has maintained a very close relationship with the farmers and ranchers of South Dakota, and has worked hard to transfer knowledge gained under its and others' research programs to them. This service is an integral part of the mission of our land grant institutions that is sometimes pushed from the top part of the priority list.

Mr. Chairman, I am well aware of the funding difficulties facing you again this year. However, I believe that we must continue to pursue research to sustain the way of life that those of us from rural America cherish. Federal funding of the Animal Resource Wing would continue the partnership between the federal government and the state universities which has been so beneficial for agriculture in this nation.

Thank you for your time and consideration.

Veterinary
Research and
Diagnostic
Center

Justification and Benefits

- The Animal Resource Wing will be designed to meet the standards of the American Association for Accreditation of Laboratory Animal Care (AAALAC) for laboratory and food animals. It will be integrated with the state-of-the-art Diagnostic Wing.
- The Center will provide high-security animal isolation rooms necessary for working with some pathogen and genetic engineering experiments in animals.
- South Dakota State University is a leader in the use of gnotobiotic (germ free) food animals for the study of infectious diseases.
- The Animal Resource Wing will offer an ideal environment for continued studies of "pre-harvest" food safety.
- The Center builds upon an existing national reputation for excellence in conducting basic and applied result-oriented research focusing on animal diseases that economically affect the nation's livestock industry.

For additional information, contact:

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VS047

Request for Improved and Expanded Facilities

Veterinary Research and Diagnostic Center

A Regional Proposal with National Impact

located at
South Dakota State University
Brookings

Veterinary Research and Diagnostic Center

Proposal

The development of a regional livestock disease research and diagnostic center that strengthens the Northern Plains' number one industry, livestock production. At $8.7 billion, the livestock industry accounts for 65% of the total agricultural industry in South Dakota alone.

The Veterinary Research and Diagnostic Center will consist of a state-funded Diagnostic Wing and a federally-funded Animal Resource Wing.

Goal

The goal is to strengthen the economy of the Northern Plains livestock industry through a stronger, multi-state research and disease diagnostic effort.

Scope of Project

A $10.8 million regional facility is proposed based on a 50:50 state-federal funding match. The state match of $5.4 million was appropriated by the 1993 South Dakota Legislature for the Diagnostic Wing.

FY95
Federal Request

Appropriation of the federal match of $5.4 million is requested for planning and construction of the Animal Resource Wing for FY95. Livestock disease research will be conducted in both wings of the regional facility.

Date	Funding	Justification
March 1993	**$5,400,000**	Funding provided by the 1993 South Dakota Legislature for construction of the Diagnostic Wing.
Federal FY94		Federal funding request for a feasibility study and planning of the Animal Resource Wing was approved by the Senate.
September 1993		Awarding of bids and groundbreaking for Diagnostic Wing.
Federal FY95	**$5,400,000**	Federal funding requested for planning and construction of the Animal Resource Wing.
September 1994		Completion of Phase I of the Diagnostic Wing construction and initiation of Phase II.
June 1995		Awarding of bids and groundbreaking for Animal Resource Wing.
December 1995		Completion of Diagnostic Wing.
September 1996		Completion of Animal Resource Wing.

CONCEPT PAPER
VETERINARY RESEARCH AND DIAGNOSTIC CENTER
SOUTH DAKOTA STATE UNIVERSITY

Proposal. The proposal is to develop a regional Veterinary Research and Diagnostic Center that will promote research to improve the health and well-being of food animals, the number one industry in the Northern Plains. This center will consist of a state-funded Diagnostic Wing and a federally-funded Animal Resource Wing.

Goal. The goal is to improve the diagnosis and control of animal diseases, thereby reducing economic losses to the livestock industry and strengthening the economy of the Northern Plains.

Scope of the Project. This facility will be a $10.8 million regional facility based on a 50:50 state-federal funding match. The state of South Dakota appropriated $5.4 million for construction of the Diagnostic Wing of the Veterinary Research and Diagnostic Center. Construction on the Diagnostic Wing began in September 1993.

We are requesting $5.4 million of federal funds for FY95 for planning and construction of the Animal Resource Wing and the conversion of the present animal facilities in the Departments of Animal and Range Sciences and Veterinary Science to meet federal standards to house both laboratory and large domestic animals. Basic and applied research on animal disease, stress, growth, and physiology will be conducted in both the Diagnostic and Animal Resource Wings.

Justification and Benefits. Good nutrition is fundamental to human life, performance, and well-being. An adequate food supply is also essential to a stable economy and a healthy society. Currently, animals provide approximately 12-35% of our dietary protein needs worldwide. In the United States, about 35% of the energy and 67% of the protein in our diet comes from animals and their products. Meat, milk, poultry, and aquatic animals also contribute most of the calcium, phosphorus, and essential vitamins in our diet. Moreover, half of American agriculture's annual income of $72.7 billion comes from livestock and livestock products.

Crop producers also depend heavily on animal agriculture as a market for their commodities. It is estimated that 87% of the corn, 70% of the soybeans, 21% of the wheat, 95% of the grain sorghum and most of the oats, barley, and rye crops are fed to livestock. Grasses and forages must also be processed through livestock before their photosynthesis energy can be used by humans.

It is obvious from the above information that animal agriculture plays a critical role in the U.S. economy and health. This industry is crucial for states in the Northern Plains region. The Northern Plains states, South Dakota, Iowa, Nebraska, Minnesota, and North Dakota, produce more than 50% of the nation's red meat. In South Dakota alone, livestock accounts for 65% of the total agricultural industry. South Dakota also ranks in the top ten states in the production of beef cows and calves, pigs, and sheep.

A vital link in maintaining a profitable animal agriculture industry in the U.S. is research on animal health. Healthy animals are more efficient in using feed for growth, reproduction, and performance. Healthy animals are also important for safe food for consumers. The recent infection of adults and children with the 0157 _Escherichia_ _coli_ from the ingestion of contaminated hamburger is one example of why maintaining healthy animals is crucial to the well-being of U.S. citizens.

Animal health problems are estimated to cost U.S. livestock producers $14.5 billion each year. This loss also affects the consumer by lowered supplies and higher prices. Thus, animal health research is needed to help assure adequate supplies of safe food at prices acceptable for consumers and profitable for producers and processors. To do this, food animal research facilities that meet or exceed state or federal regulations for the humane care and maintenance of animals are necessary.

Animal Resource Wing. The proposed Animal Resource Wing will be integrated with existing food and laboratory animal facilities in the Department of Animal and Range Sciences and the large animal isolation facilities in the Department of Veterinary Science. These existing animal facilities will be remodeled at the time of construction of the new resource facility to comply with animal care standards established by the American Association for Accreditation of Laboratory Animal Care (AALAC). This facility will then become the centralized animal care facility for the campus of South Dakota State University.

A unique feature of the resource wing will be "state-of-the art" food animal isolation rooms designed to AALAC standards. This will allow for the design of experiments that require biocontainment of animal pathogens, genetically-engineered agents, or animals. National legislation will be forthcoming in the future to regulate facilities for large or food-producing animals as now required for laboratory animals. The facility will also include surgical and isolation rooms designed for the use of gnotobiotic or germ-free animals. Our facility will then become a model for the development of standards in the design of animal resource facilities for large, domestic food animals.

__National Impact__. The proximity of this laboratory to major livestock-producing areas of the U.S. will establish the facility as a regional and national center. The resource wing will also enhance the animal disease and animal biostress research programs (Northern Plains Biostress Laboratory) on the South Dakota State University campus.

Investigators at South Dakota State University have established a nationally-recognized program that studies mechanisms in animal diseases. They are the leaders in using germ-free or gnotobiotic pigs as models for the study of animal and human diseases. They were the first scientists in diagnostic veterinary medicine and research to determine the cause of Mystery Swine Disease, develop a model for studying the pathogenesis of 0157 __E__. __coli__, and to identify a cellular protein responsible for the genetic resistance of pigs to __E__. __coli__. These programs continue with support from the National Research Initiative, the National Science Foundation, and private corporations.

The effects of the recent outbreaks of food poisoning caused by 0157 __E__. __coli__ contaminated hamburger are still fresh in our minds. Control of contamination in meat products is best done by eliminating the organism at the source, in the cow. Eliminating contaminated meat products requires an integrated diagnostic and research program which will exist in the Veterinary Research and Diagnostic Center proposed in this project.

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ADDENDUM

ANIMAL RESOURCE WING

* With American Association of Laboratory Animal Care (AALAC) accreditation by 1997, institutions such as South Dakota State University (SDSU) and the University of South Dakota (USD) will be eligible for funding from the National Institute of Health or the Public Health Service. The VA Hospital in Sioux Falls must meet the requirements by 1995.

* Institutions with AALAC accreditation will be at a distinct advantage for competitive research funding.

* A coordinated animal care and use effort including SDSU and USD will provide resources for animal needs in research, teaching, and testing in South Dakota and the region.

* A centralized animal care unit associated with a fully accredited animal disease research and diagnostic facility will provide pathologic and diagnostic services essential to many biomedical research projects.

* A centralized facility and coordinated animal care effort will:

1. Increase effectiveness and compliance with animal care procedures and documentation by institutions and personnel

2. Provide efficient source of supplies, materials, housing and care for animals

3. Allow cooperating institutions to be eligible for grants requiring AALAC accreditation

4. Provide resources for state and regional institutions and regional biological and pharmaceutical industries including:
    a. Availability to animals, supplies and materials
    b. Compliance information
    c. Space and personnel for specialized needs
        1) Diagnostic and pathology services
        2) Bio-containment facilities and handling areas
        3) Trained personnel
    d. Shared expense of salary and benefits for a certified laboratory animal veterinarian to direct the program
    e. Training for scientists, research technicians, animal technicians, and others responsible for animal care.

CONSORTIUM FOR PLANT BIOTECHNOLOGY

WITNESS

DORIN SCHUMACHER, PRESIDENT, THE CONSORTIUM FOR PLANT BIOTECHNOLOGY RESEARCH, INC.

Mr. DURBIN. Now, I have five minutes before we vote, and I am going to ask Dorin Schumacher if five minutes is enough.

Ms. SCHUMACHER. Yes.

Mr. DURBIN. Okay. If there are any other members, Mr. Hunter, if you would like to vote and come back, it is probably the right thing to do. Okay? And I will try to be here when you get back. Thank you.

Please proceed.

Ms. SCHUMACHER. Thank you, Mr. Chairman. Thank you for this opportunity to testify.

I am Dorin Schumacher, President of the Consortium for Plant Biotechnology Research. I have testified before here and I have provided the subcommittee with complete information, a complete description of the program, which is in your files, and in my written testimony.

The Consortium has 22 universities and 36 companies in it. We thank you for the subcommittee's support in the past and we are requesting $3 million in a special research grant to continue the program.

This program, unlike maybe a lot of other programs, is a model program of how basic research should be conducted in this country. This is why numerous administration officials have been uniformly enthusiastic about it when we have discussed it with them.

We have talked with officials at the White House, in the Vice President's Office, in the Office of Science and Technology Policy, many officials at OMB, and the Department of Commerce, Energy, and, of course, Department of Agriculture and NOAA, and they have been uniformly enthusiastic.

Why is this? There are several reasons. One is competition. This program is competitive at every level. Another reason is that the research projects are selected through a rigorous merit-oriented peer review process. Thirdly, the research has important commercial applications. Another reason is the technology transfer is built in at every level of the program.

Industry is providing cash matching. One of the features of this program is that the matching from industry is auditable cash matching, and we have other non-federal matching which comes to 117 percent of federal dollars. So for every dollar the federal government puts in, it gets $2.17 worth of research.

And, finally, this is civilian, non-defense research.

The 17 projects that were funded last year through this committee's support are attacking, successfully attacking the following problems: They are reducing broad-leaf weeds in crops without using expensive pesticides; producing plants that can survive a variety of environmental stresses; improving natural disease resistance in plants; increasing the nutritional value of corn; reducing the cost of identifying safe pesticides and bringing them to market; safely increasing plant growth and development; reducing the use of petroleum-based pesticides and controlling weeds and wheat crops without synthetic products; speeding the development of hybrid seed production in corn. Those are the problems that these research projects are attacking, and the solutions that they propose to find.

Administratively among our accomplishments this past year where we had one of our most successful scientific symposia ever, which drew more pre-proposals than we have ever had, an increase of 133 percent. We got the newly incorporated entity up and running. Our DOE program was converted to a directly funded program, and we survived reviews of our accounting system by the Department of Energy.

We have expanded our membership to bring diverse and additional capabilities for research to the Consortium. Louisiana State University has joined and has brought marine biotechnology capabilities. Montana State University has been admitted, representing a reach into western plant research, with strengths in wheat research. And we are in the process of admitting the University of Connecticut, which brings world class materials research to the Consortium and with strengths in bio-based materials and bio processing.

New companies are bringing additional matching sources, additional needs, and enhanced definitions of industrial relevance. Blandin Paper, FMC and Boise Cascade have joined.

We thank you for your support in the past. And as I said, we request $3 million in a special research grant to continue the program.

Mr. DURBIN. Well, we have had good luck with your Consortium before. I think you have got the right approach to make sure that it is competitive, and that the research is practical. I can tell you from some of the things you are looking into there is a wide-scale interest, widespread interest in farm areas for these areas.

We will do our best to try and help you.

I am going to run to vote. I need you to speak to Bob Foster before you leave here.

Ms. SCHUMACHER. All right.

Mr. DURBIN. Tell my colleague Mr. Goodling I am going to run over and vote, so you can read your notes carefully and I will be right back.

Ms. SCHUMACHER. Thank you, Mr. Chairman.

[The statement follows:]

THE CONSORTIUM FOR PLANT BIOTECHNOLOGY RESEARCH
Formerly The Midwest Plant Biotechnology Consortium
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TESTIMONY

Agriculture, Rural Development, FDA, and Related Agencies

Subcommittee on Appropriations

United States House of Representatives

April 18, 1994

SUMMARY OF REQUEST: The Consortium for Plant Biotechnology Research supports competitively selected research projects for research and technology transfer in plant biotechnology. The Consortium requests $3 million in FY 1995 to support the continuation of projects started in 1994 and new starts in 1995.

Dr. Dorin Schumacher
President
The Consortium for Plant Biotechnology Research, Inc.
1220 Potter Drive, Suite 130D
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(317) 463-4000

Mr. Chairman, members of the Subcommittee, thank you for the opportunity to testify. My name is Dorin Schumacher and I am President of the Consortium for Plant Biotechnology Research, formerly the Midwest Plant Biotechnology Consortium. The Consortium was organized in 1985 to carry out research and technology transfer that would enable companies to utilize agricultural products as new and improved sources of chemicals, pharmaceuticals, and energy. In 1993, it was incorporated as The Consortium for Plant Biotechnology Research, Inc.

The Consortium harnesses world class university plant biotechnology research capabilities with industrial applications to develop improved crops and cropping practices. The result will be improved-cost-effective agricultural technologies for the nation. The Consortium now comprises 22 major research universities; 36 companies, consortia, and trade associations; and several federal laboratories.

In its appropriations for Fiscal Years 1989, 1990, 1991,1992, and 1993, the Congress appropriated nearly $13 million for the research and technology transfer program of the Consortium. With these funds, the Consortium has been able to conduct five competitions and start up five groups of research projects in plant biotechnology–a total of 80 projects. Three groups have ended their second year of research, the fourth group is in their second year, and the fifth is just completing their first year.

The appropriation for Fiscal Year 1994 was $2.865 million, less any legislatively required adjustments. On behalf of the Consortium's participating companies and member universities and research institutes, I express our appreciation for your Subcommittee's support.

The goal of The Consortium for Plant Biotechnology Research is to bring together industry, universities, and federal laboratories to conduct research in plant biotechnology that will: 1) utilize agricultural products as new sources of chemicals, pharmaceuticals, and energy; 2) reduce the cost of crop production, thereby increasing the competitiveness of U.S. agriculture in world markets; 3) improve the utilization of existing crops; and 4) develop an agriculture that is safer in its impact on the environment.

Research supported by the Consortium has produced many significant scientific and technological advances:

- new techniques to identify useful genes in crops and facilitate their transfer to related varieties and hybrids;
- new efficiencies in the production of improved corn and other plants;
- identification of key genes for development of new approaches to controlling insects, fungal diseases and viruses;
- development of techniques to produce and extract insulin, human growth hormone and interferon in genetically-engineered plants;
- development of methods to nutritionally enhance plants; and

- development of methods to produce and extract high value proteins and biomedicinal peptides in plants.

The United States is number one in the world in the quality of its university basic research. But, all too often, the results of this outstanding research do not get translated into solving society's problems. The Consortium for Plant Biotechnology Research is changing that by harnessing the research capabilities of world class universities to focus on solving plant-based problems with important industrial applications. Through the Consortium, the intellectual resources of our universities are being brought out of the ivory tower into the real world to solve applied problems. The work supported by the Consortium either would take much longer if done by industry alone, or would not be done at all. Industry simply does not have the research capabilities that America's great research universities have to bring to bear on these problems. University capabilities, however, as deep and accomplished as they are, have a tendency sometimes to pursue knowledge that is irrelevant to our pressing national needs. The strong corporate involvement in the Consortium helps to keep the projects we fund with this money in close touch with the search for practical solutions to our national agriculture problems.

The concept behind the Consortium has been enthusiastically supported by industry, universities, and federal laboratories alike. All parties involved see new technology as a key component in the success of American competition in a global marketplace. Federal funding of the Consortium insures that information developed through the Consortium's research program is disseminated to the public where it will be used for the public good.

A key trademark of the Consortium is the highly competitive process it uses to select research projects. The selection process combines rigorous peer review with built-in technology transfer through industrial member involvement. Proposed research projects are screened first by company members of the Consortium to assess their promise of significant benefits for US. agriculture needs. Projects that survive industrial screening are peer reviewed for scientific merit through a process modeled after the competitive grant programs of the National Science Foundation, the National Institutes of Health, the Department of Energy, and the Department of Agriculture. The Consortium uses as peer reviewers distinguished academic scientists who serve on federal research agency review panels. Final project selection is made by the corporate members of the Secretariat, the Consortium's scientific advisory board, with input from at least two renowned academic scientists from non-member universities. The fact that industry selects the projects for funding virtually insures a high likelihood of technology transfer. This process is proven and works.

We have had the opportunity to discuss this program with a wide variety of representatives of Congress, the White House, OSTP, the Vice-President's office and other administration officials and the reception has been overwhelmingly enthusiastic. They uniformly viewed this as a model program for pursuit of basic research closely linked to national and industrial needs. We are sure that the Committee will agree with these officials that this is the way that research should be conducted in this country.

The CPBR program matches the research priorities of this Administration and the Congress in the following ways.

First, the CPBR program is competitive at all levels. The research project selection is highly competitive to ensure that the research projects carried out through the CPBR have industrial relevance, technical merit and high potential for the transfer of new technologies from the research laboratory to the marketplace.

Second, the CPBR's projects are selected through a rigorous merit-oriented peer review process. Once preproposals are reviewed by industrial members for commercial relevance, full proposals are peer reviewed to assess technical merit. The same reviewers and the same criteria used by the NSF, NIH, DOE, and USDA competitive grants programs are used by the CPBR.

Third, the CPBR's solid, merit-based research has important commercial applications. Industry's participation begins with industrial need identification and concept evaluation and continues through all subsequent phases, once again insuring a high degree of industrial relevance.

Fourth, technology transfer is built into the CPBR program through industrial review and final selection of projects. Because technology transfer is integral to the Consortium's operation, research advances can be shared readily with industry members to make them more competitive. This close cooperation strengthens the U.S. economy.

Fifth, non-federal matching of more than 117 percent insures that the Federal Government gets $2.17 worth of research for every federal dollar invested. Seventeen projects were selected through the Consortium's fifth "Plant Biotechnology" competition which was held in 1993. The Consortium requires that federal funds be matched at least equally with non-federal funds. The commitment of industry to technology transfer of the results of the Consortium's work can be seen easily by its allocation of matching funds for these excellent and innovative research projects. The matching of federal money with industry funds demonstrates private sector recognition that the program works. Forty-three percent of the matching for year one of the 1993 projects came from industry. These corporate commitments increase the effectiveness and impact of federal research dollars.

Finally, the CPBR's program is non-defense related civilian research. This is in line with the government's commitment to developing a new and vital advanced technology-industrial structure.

The Consortium has facilitated the development of new technology, commercially important products and inventions, and technology transfer as well as a closer cooperation between academia and industry that will be essential for the future economic growth and development of the United States. These accomplishments are the result of a unique peer review and competitive process, which insures funding of merit-oriented, industrially relevant research. The projects selected through the CPBR's 1993 competition are tackling the following problems:

- to reduce broadleaf weeds in field and vegetable crops without using expensive pesticides, one project is developing crops tolerant to herbicides for low cost weed control. Currently the cost of broadleaf weed control for soybeans is about $15 per acre. This innovation will reduce the cost to farmers to between $5-$7 per acre.

- to produce plants that can acclimate and survive a variety of environmental stresses, two projects are increasing the freezing tolerance of plants by exposing them to periods of low non-freezing temperatures, and one project is examining the mechanisms that control natural drought stress resistance. This will help increase farmers' productivity.

- to improve natural disease resistance in plants, three projects are attempting to detail the genetic organization of plants. Detailed genetic information has proven invaluable plant breeding programs and to farmers.

- to increase the nutritional value of corn for feeding swine and poultry, one project is developing a way to manipulate protein enzymes.

- to reduce the cost of identifying safe pesticides and bring them to market more quickly, three projects are designing systems of screening pesticides in the laboratory rather than in the field.

- to safely increase plant growth and development, one project is working to purify a particular enzyme as the key to understanding and regulating plant growth.

- to reduce the use of petroleum-based pesticides, two projects are seeking to purify and characterize molecules so a plant can defend itself against disease.

- to control weeds in wheat crops without using synthetic products, one project is seeking to increase the naturally toxic activity of bacteria.

- to improve the stability of corn, rice, wheat and oats, one project is investigating the factors that affect plant gene expression and function.

- to speed the development of hybrid seed production in corn, one project is working on the development of a new genetic process.

The CPBR initiated the competition for 1994 projects in August, 1993. The number of preproposals submitted to this competition represented a 133 percent increase over the number submitted in the 1993 competition. The preproposals were reviewed by industrial members at the CPBR Symposium held in Chicago in November. Those identified as industrially relevant were invited by the CPBR to be submitted as full proposals. The CPBR established peer review panels of scientists from non-member institutions, including the Agricultural Research Service (ARS). Fifty-six distinguished scientists served as peer reviewers in this competition. The peer review has now been completed.

The Consortium has undergone intense scrutiny in the past year. It now has a direct funding relationship with the Department of Energy (DOE). DOE thoroughly reviewed and then approved the accounting system the CPBR has put in place to administer its funds. This same accounting system is used for the agriculture funds as well. The Department of Energy changed the recipient of funds under the DOE cooperative agreement from Purdue to the CPBR. DOE is now contracting directly with the CPBR. All existing subrecipient agreements for 1992 projects were amended to reflect the change. New subrecipient agreements for 1993 projects are being issued directly by the CPBR. This process is speeding up the award process considerably; there are no delays in making the awards, in executing the agreements, and in reimbursing recipients for the research project expenditures.

On the agriculture side, the CSRS conducted a program review of the entire program this past year. The review validated much of the work of the Consortium, and provided some guidance to Purdue on administration of the program. Most important was the agreement that industry should continue to make the final selection of the projects. USDA indicated that they may desire to attend or even chair these meetings in the future, to which we will come. The bottom line of the review is the overall recommendation that the project identification and selection process of the Consortium should continue as it has in the past.

Since the incorporation, the CPBR has pursued an aggressive program of expansion of both its mission and members. New university members accepted since the incorporation of the CPBR are Southern Illinois University at Carbondale, Louisiana State University, Michigan Technological University, and Montana State University. Louisiana State University and Montana State University represent expansion into the Western and Southeastern regions of the country. New corporate members accepted include Blandin Paper Company, Boise Cascade, and FMC Corporation. Company members of the CPBR are headquartered and/or have operations throughout the 50 states; thus, the CPBR is now and has been a truly national organization.

Administratively, since the incorporation, the CPBR has hired staff, selected and retained highly qualified legal and financial advisors, made application to the IRS for tax-exempt status, obtained insurance, established fringe benefits programs, established financial management systems, and filed a trademark application for the protection of its mark. The financial management systems passed a financial systems audit by the Department of Energy and were approved by DOE as meeting all federal contracting requirements in February, 1994. The CPBR's letter of credit was approved by DOE and is being used for electronic wire transfers to the CPBR bank account.

We thank you for the support you have provided in the past, and request a 1995 appropriation of $3 million so that the research program can grow and so that the 1994 projects can be continued and new projects can be started up. Speaking on behalf of my industrial colleagues, we believe that the Consortium's program is critical to helping develop and maintain the strength and competitiveness of U.S. agriculture.

Thank you very much for this opportunity to discuss with you this highly successful Consortium program.

CHILD NUTRITION PROGRAMS

WITNESS

HON. BILL GOODLING, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF PENNSYLVANIA

Mr. DURBIN. Mr. Goodling?

Mr. GOODLING. Thank you, Mr. Chairman.

Mr. DURBIN. Before you testify, I want you to take special note of this photo. It is a beautiful little girl with a school lunch. She has skim milk on her tray.

Mr. GOODLING. Skim milk on the tray.

Mr. DURBIN. Yes. Please proceed.

Mr. GOODLING. You know, I had a member of Congress tell me just today that whole milk supposedly works against some form of cancer. I forget which it is.

Mr. DURBIN. Oh, really? He would not have been from a dairy state, would he?

Mr. GOODLING. Well, he was from Wisconsin.

Mr. DURBIN. We are going to put your entire statement in the record. Verbatim.

Mr. GOODLING. Thank you. I will go over it very quickly and also add a comment or two.

Generally, my continuous battle with the administration, with my side of the aisle and sometimes with your side of the aisle has been to make sure that everybody understands that Section 4 grants are very, very important if there is going to be a school lunch and child nutrition program. They get the idea that somehow or other this is a subsidy to high income and middle income American children. It is not. It is there in order to keep an infrastructure in place so the school district does offer a national school lunch program.

With the exception of four states, you do not have to offer free and reduced price meals unless you participate in the national school lunch program. So you take away the Section 4 grant money and then they opt out of a national school lunch program and that means an awful lot of youngsters will suffer because they will have nothing as far as food is concerned during the day because their school does not participate in a national school lunch program and does not have to serve free and reduced price meals.

So I would ask you to please battle against anyone that would try to cut out the Section 4 money because the system will fall if schools do not have that kind of support.

The second thing I would like to talk about very briefly, of course, is WIC and I do not have to tell you the importance of the program. However, I would like to concentrate on the farmers market program because it appears to be working very well and getting recipients in that program to use fresh fruits and fresh vegetables is very, very important.

Connected with that, Chairman Ford and I just introduced some legislation dealing with the CLOC, commodity letter of credit. If you may remember, we had a pilot program going for quite some time indicating that a local school district could take their commodity letter of credit and purchase locally whatever the Department of Agriculture says is surplus. It is the best of all worlds because it gives you an opportunity to buy locally and reduce surplus commodities at the same time.

When I was in the school business, we would get all the commodity shipments, we would then have to find some place to store them and then we would have to reprocess them. The expense was dramatic and the taste was less than desirable. CLOC affects not the surplus entitlement commodities but still provides bonus commodities to schools participating in CASH/CLOC. Even in a state that is strictly a cash state, you still get your bonus commodities, so that is no problem.

So I would ask you if that legislation passes to look carefully at trying to fund it. What we say in there is that every state will have at least one CLOC program and that if a state wants to do all CLOC in their state, commodity letters of credit, they could do that also on a pilot basis as long as 80 percent of the school food service authorities agree.

Those are the major areas about which I am most concerned. I will appreciate any support that you can give to my recommendations. I started out with Chairman Perkins and then Chairman Hawkins and now Chairman Ford trying to make sure that if the children are going to learn they have to have some nutritious meals.

I would like to mention one other thing. I am not sure that it is a very good idea to jump dramatically in the nutrition education program simply because I think the administration talks about going from 11 million to 30-some million. I say that not that is not very, very important but I believe the Ag Department is now spending $200 million on nutrition education. It is so fragmented that my encouragement would be to get their act together before we start pouring a lot of additional money into the area. Apparently there is a great deal of money being spent, and the system is just so fragmented that the left hand really does not know what the right hand is doing.

Mr. DURBIN. Thank you for your comments. And I share many of your feelings, particularly about coordinating some of these programs and the growth of WIC. We are trying to be mindful of the fact that we do not put more money on WIC's table than it can use. We want this program to maintain a good image, a good reputation and we do not want to fall into the—for lack of a better word—Pentagon syndrome of just too much money and being spent less than wisely.

I appreciate your testimony.

Mr. GOODLING. And that is where nutrition education is very, very important——

Mr. DURBIN. Absolutely.

Mr. GOODLING [continuing]. For those mothers.

Mr. DURBIN. Mr. Skeen?

Mr. SKEEN. I just want to welcome you to the committee and thank you for all the work in this field that you have done in the past. We appreciate it.

I have no questions.

Mr. GOODLING. Thank you.

Mr. DURBIN. Thanks for joining us.

[The information follows:]

STATEMENT OF

THE HONORABLE WILLIAM F. GOODLING

before the

SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD and DRUG ADMINISTRATION AND RELATED AGENCIES

April 19, 1994

Mr. Chairman, I am pleased to appear before your Subcommittee to discuss some of the most important programs funded by the federal government -- namely the federal child nutrition programs.

First, I would like to once again voice my strong support for the Section 4 grant-in-aid payments intended to support the basic infrastructure of the National School Lunch Program. Although I thought this battle had been won and I would no longer have to convince my Colleagues of the need for these payments, it would appear there are still those who believe we should limit our reimbursement for School Lunch and Breakfast programs to payments for those children eligible for free and reduced price meals.

Unfortunately, those who support this effort mistakenly view these payments as support for middle and upper income children. However, they are meant to act as an incentive for schools to operate lunch programs. In fact, the National School Lunch Act, originally enacted in 1946 because so many World War II draftees failed their physical examinations due to nutrition related deficiencies, did not even include additional supports for low income children. Section 11 was not added to the law until 1962.

The last time we reduced Section 4 payments, by approximately 30 percent, the sale price of a school lunch increased and school lunch participation dropped from 26 million each day to 23 million and a number of schools withdrew from the program. When these schools dropped out of the school lunch program approximately one million children who had been receiving free and reduced-price meals were adversely affected.

Current evidence would indicate that for every one percent increase in the cost of a school meal, one percent of students drop out of the program. The more students who do not purchase a school lunch, the more costly it is to operate a program to serve the remaining children -- which can lead to additional schools dropping out of the school lunch program. When this happens, it is the low income child who suffers. The middle and upper income child can always purchase a meal elsewhere or bring a meal from home. This is not always true for the free and reduced-price lunch child.

I would, therefore, encourage you not to listen to those who believe we can save federal dollars by eliminating Section 4 payments for the so-called "paying child." We will only end up hurting the very children we are trying to help the most.

Mr. Chairman, I would also like to lend my support to efforts to increase funding for the WIC program. I recognize the budget will limit the amount available for this purpose, but I believe we should continue our efforts toward increasing funding of this important program. Certainly WIC has proven itself to be successful in reducing low birthweight births and in saving medical costs in the future by preventing health problems related to poor nutrition for children before they are born and during their early years. In fact, research has shown that participation in WIC has resulted in each WIC dollar producing Medicaid savings ranging between $1.77 and $3.13.

Along these same lines, I would like to urge continued support for the WIC Farmers Market Coupon Program. There is an ongoing effort to improve the nutritional content of the meals served to children under the School Lunch and Breakfast programs. However, good eating habits begin in the home. The WIC Farmers Market Program has demonstrated success in increasing the number of fresh fruits and vegetables in the diets of participants. More importantly, individuals participating in this program have learned new eating habits which they continue even after they have used their coupons. Participants return to farmers markets and increase the purchase of fresh fruits and vegetables using Food Stamps and their own food dollars. In a sense, the benefits reaped from this program can been seen far down the road as families participating in WIC develop good eating habits which can be carried through life. The program is currently funded at $5.5 million, which has allowed the participation of additional States in this project. Though I understand the limitations under which you are currently operating, I would encourage that you provide additional funds to this important project.

I am, however, concerned the Administration has proposed to raise funding from $12 million to $31 million to establish and improve nutrition education and training and help schools comply with dietary guidelines. During a hearing before the House Committee on Agriculture, it was reported that there is a total of $200 million spent on nutrition education and training by the Department of Agriculture. The system is fragmented and I believe it is time we look towards a more coordinated effort in this regard before we invest additional federal dollars in this effort.

Nutrition education and training activities are important components of our child nutrition programs, but I believe we could streamline our efforts in this regard and put to better use funds currently existing for this purpose.

Mr. Chairman, as a former educator, I can assure you that our investment in the federal child nutrition programs plays an important role in the education of our nation's children. As we undertake a national education reform effort under Goals 2000, we need to ensure that our children are healthy and well-fed and able to take advantage of the education provided to them. I would, therefore, greatly appreciate your continued support of these programs.

I appreciate your taking the time to hear my testimony and would be pleased to answer any questions you may have.

PLANT STRESS AND WATER CONSERVATION RESEARCH LABORATORY

WITNESSES

HON. LARRY COMBEST, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF TEXAS

ROBERT W. LAWLESS, PRESIDENT, TEXAS TECH UNIVERSITY

Mr. DURBIN. Mr. Combest, I believe you are here with gentlemen from Texas Tech who have an airplane schedule problem. I will forewarn all witnesses that we are subject to momentary call to the floor.

Mr. Combest.

Mr. COMBEST. Mr. Chairman, Mr. Skeen, thank you. You do not want to hear from me. I have a statement just to reintroduce you again to three gentlemen who have done a phenomenal job in a project that actually started almost 20 years ago with your friend and my predecessor George Mahon. We are just simply trying to keep the Mahon dream alive with a very good project in Texas at Texas Tech.

Dr. Robert Lawless, President of Texas Tech University; Dr. Sam Curl, who is Dean of Agricultural Sciences at Texas Tech and Dr. Robert Albin, who is the Associate Dean of Agriculture at Tech, and they are my friends and I am just with them, sir.

Mr. DURBIN. Thank you. Please proceed.

Mr. LAWLESS. Thank you, Mr. Chairman, Congressman Skeen, members of the subcommittee.

We are most appreciative for the opportunity to appear before you today on behalf of urgently needed construction of a national USDA plant stress and water conservation research laboratory on the Texas Tech campus in advancement of the research program.

A 1976 USDA panel of blue ribbon scientists conducted a feasibility study that recommended the creation of a national laboratory to be located in Lubbock, Texas to address and improve the broad range of crops grown in the great plains under the moisture deficient and temperature stressed environmental extremes of this semi-arid breadbasket of the United States.

In 1988, the 100th Congress and the president signed Public Law 100–339 authorizing the establishment of a plant stress and water conservation research laboratory and program at Lubbock, Texas on the Texas Tech University campus. This national laboratory will provide facilities for scientists to conduct broadly integrated research to improve crop stress tolerance to drought and temperature extremes.

Projections of continued water shortages and the usual temperature variations make the funding of the authorized plant stress and water conservation laboratory critical to the research required to genetically alter crops to ensure tolerance to future climatic extremes. These extremes are widely predicted to increasingly impact most plant growth patterns in the northern hemisphere.

The USDA/ARS and Texas Tech University have put in place over the last 14 years a comprehensive integrated program in which 17 senior scientists are today working to develop improved crop plants and production systems that will provide for economically optimal crop productions under extreme environmental conditions.

Total annual funding for the research program in fiscal year 1994 is more than 3 million, of which 1,675,000 is provided through USDA ARS as a result of your action.

Our appropriation requests during the last several years have emphasized the need for program consolidation into a central national laboratory. Three years ago, Congress appropriated 1.3 million; two years ago, 1.1 million; and last year, 551,000 toward construction of phase II of the project, the main laboratory. An appropriation of 9.9 million is requested for fiscal year 1995 to complete the laboratory construction.

The original 1988 authorization of laboratory construction was for 27 million. This plan now being shown by Dean Curl illustrates the final architectural rendering of the laboratory building. Our request has been reduced considerably from previous requests through reevaluation of program priorities and construction costs and a closer integration of laboratory space with existing Texas Tech facilities.

Construction of the phase I greenhouse using $500,000 of previously appropriated construction funds has been completed and the structure is occupied. This greenhouse is shown in the picture by Dr. Albin.

Further, in order to maintain the research program momentum by overcoming the inflationary effects of increased costs of operation during the past four years of level funding, an appropriation increase of $300,000 is requested for the research program and for operation of the research greenhouse.

Texas Tech University is providing 50 acres of prime campus land for the laboratory site, access to another 1000 acres of crop land for field experiments and ten faculty to cooperate with USDA scientists in their research program. The City of Lubbock has donated over $100,000 in providing utilities to the laboratory site.

Mr. Chairman and members of the Subcommittee, we appreciate your support and continuing interest. We are very grateful for your past help.

Thank you very much.

Mr. DURBIN. Thank you, sir. And I hope you understand that we appreciate the value of this center and the importance of it. We are faced with the budget reality of about $30 million for the national needs here.

Mr. LAWLESS. Yes, sir.

Mr. DURBIN. And your request of $9 million, when it is put in that context, I think you can understand why we have some stress here as you are seeking to research stressed plants there.

Mr. LAWLESS. Yes, sir, Mr. Chairman.

Mr. DURBIN. So we will be happy to work with Mr. Combest and other members of the delegation who have written in support of this project.

Mr. LAWLESS. Well, thank you very much. We think it is very important. We understand there is critical financial stress, as you state, but we think in terms of making crops able to exist and grow over more land surfaces is critical also.

Mr. DURBIN. Thank you.

Mr. Skeen?

Mr. SKEEN. Mr. Chairman, thank you.

And thank you, gentlemen, for being here with us.

I think we go back about six or seven years in which we have made appropriations available to this thing. We want to not only commend you on the study relating to stress, but, also for your endurance.

Mr. LAWLESS. Thank you, Congressman.

Mr. SKEEN. We would like to finish one of these buildings and I think this one is probably as good as any because it is as far along as any of them.

Mr. DURBIN. That is our goal. We are going to complete a building.

Mr. SKEEN. We would like to complete one.

Mr. DURBIN. Mr. Skeen and I are going to stick here until we complete a building.

Mr. SKEEN. Mr. Durbin and I are going to stay here.

Mr. DURBIN. We are going to finish a building.

Mr. SKEEN. We are going to finish one of these buildings.

Mr. DURBIN. Thanks for coming we appreciate it.

Mr. LAWLESS. Thank you very much.

[The statement follows:]

PUBLIC STATEMENT
BEFORE THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES

ON BEHALF OF

A REQUEST TO CONSTRUCT PHASE II OF THE PLANT STRESS AND WATER CONSERVATION RESEARCH LABORATORY (AUTHORIZED BY PUBLIC LAW 100-339) AND A REQUEST FOR ENHANCED SUPPORT FOR THE USDA/ARS PLANT STRESS AND WATER CONSERVATION RESEARCH PROGRAM AT TEXAS TECH UNIVERSITY
LUBBOCK, TEXAS

Presented by

Dr. Robert W. Lawless
President
Texas Tech University and
Texas Tech University Health Sciences Center

April 19, 1994
Washington, D.C.

The Honorable Richard Durbin
Chairman, Appropriations Subcommittee on Agriculture,
Rural Development, Food and Drug Administration, and Related Agencies
United States House of Representatives

The Honorable Larry Combest
Congressman for the 19th Texas District
United States House of Representatives

SUMMARY

PHASE II CONSTRUCTION FUNDS FOR THE USDA/ARS PLANT STRESS AND WATER CONSERVATION RESEARCH LABORATORY AUTHORIZED IN 1988 BY P.L. 100-339 AND A REQUEST FOR ENHANCED PROGRAM SUPPORT. The USDA/ARS PROGRAM AND LABORATORY LOCATED AT LUBBOCK, TEXAS, CONDUCTS RESEARCH IN COOPERATION WITH TEXAS TECH UNIVERSITY AND THE TEXAS AGRICULTURAL EXPERIMENT STATION.

SPECIFIC ACTION REQUESTED OF THE COMMITTEE: It is requested that Congress appropriate $9.9M to complement the $1.3M, $1.1M, and $551,000 appropriated for FY 92, FY 93, and FY 94, respectively, for construction of Phase II of the Plant Stress and Water Conservation Research Laboratory authorized by the 100TH CONGRESS through PUBLIC LAW 100-339. Construction funds of $500,000 were appropriated for Phase I of Laboratory construction, a research greenhouse-headhouse, which has been constructed. Total construction costs for Phase II of the project will amount to $12.8M. Architectural and engineering planning for Phase II (main laboratory) has been completed. The building will be constructed on the Texas Tech University campus on a 50 acre tract of land leased to USDA/ARS by the Texas Tech University Board of Regents.

A request is also being made for a $300,000 increase in FY 95 operational support for the Plant Stress and Water Conservation Research Program. The program has received level funding for the past four years, but it is critical that the research effort, which will continue to focus on understanding the genetic control of plant mechanisms which facilitate drought and heat tolerance in crop plants, move forward.

JUSTIFICATION: The action of the federal government in 1988 through PUBLIC LAW 100-339 authorizing a plant stress and water conservation research laboratory and program at Lubbock, Texas was very timely and will have a substantial impact on food production and environmental quality for decades to come. The Greenhouse Effect resulting from increased atmospheric carbon dioxide, Global Warming induced climatic changes, and the extensive drought during the summer of 1988 and during the ensuing years in California are ready examples of the fragility of our managed and natural ecosystems, and the potential for reduction in food and fiber quantity from even modest changes in weather patterns.

The formal plant stress and water conservation program was initiated in 1979 after 20 years of feasibility studies and planning by agencies of the federal government. The federal government through USDA/ARS, and the State of Texas through Texas Tech University and the Texas Agricultural Experiment Station, have put in place over the last 14 years a comprehensive-integrated program in which 17 senior scientists are today working to develop improved crop plants and planting systems that will provide for economically optimal crop production under variable, extreme environmental conditions. Scientists with expertise in the broad areas of genetics, breeding and molecular biology; biochemistry and physiology; and climatology, soil science and systems research have research programs poised for the challenges of the predicted climatic changes forecast within the next several decades. This program will be greatly enhanced, and its potential fulfilled, with the construction of a laboratory on the Texas Tech campus in conjunction with a broad array of established basic sciences. The requested program funds will offset inflation and rising costs during the past four years and allow the continuum of technology transfer from laboratory molecular technologies to field applications of genetically modified plants exhibiting improved stress tolerance.

INTRODUCTION

Mr. Chairman, I greatly appreciate the opportunity to appear before the Committee today to request that Congress appropriate $9.9M for construction of Phase II of the USDA/ARS Plant Stress and Water Conservation Research Laboratory at Lubbock, Texas, authorized by the 100TH CONGRESS through PUBLIC LAW 100-339. We are also requesting that Congress appropriate $300,000 to enhance the research program and for operation of the greenhouse. The research effort will continue to focus on understanding the genetic control of plant mechanisms which facilitate drought and heat tolerance in crop plants. This vital research is encompassed in the comprehensive nationwide research mission of the U.S. Department of Agriculture/Agricultural Research Service, and the research program implements the recommendations of the Plant Stress and Soil Water Conservation feasibility study prepared by the USDA/ARS.

The action of the Federal Government in 1988 through PUBLIC LAW 100-339 authorizing a plant stress and water conservation research laboratory and program at Lubbock, Texas was very timely and will have a substantial impact on food production and environmental quality for decades to come. The Greenhouse Effect resulting from increased atmospheric carbon dioxide and other gases, Global Warming induced climatic changes, and the extensive drought in the summer of 1988 and during the ensuing years in California are ready examples of the fragility of our managed and natural ecosystems, and the potential for reduction in food and fiber quantity from even modest changes in weather patterns.

The background setting for the problem which the research program addresses is found in Senate Document 59, the feasibility study conducted by the Science and Education Administration of USDA in 1977, and the statement of Texas Tech University submitted for the record before this committee on March 26, 1979. We will not repeat this information, as the record is replete with scientific and economic documentation prepared by a select committee which describes the conditions of the region and the research required to seek viable solutions to a complex set of critical problems confronting the areas of agriculture, natural resource conservation and environmental protection. The need for a comprehensive, multidisciplinary, long-term basic science research program is obvious. Texas Tech University has taken the lead in the development of a cooperative research program with the USDA/ARS, the Texas Agricultural Experiment Station, colleges, universities, and federal laboratories throughout the region, agricultural producers, the agribusiness industry, and private research organizations.

BACKGROUND

The key planning events involving Texas Tech University which have taken place in conjunction with the development of the research program and laboratory to date are as follows:

1975-1976: Preliminary discussions with officials of the U.S. Department of Agriculture and members of the Congress.

1977-1978: Congress appropriated $100,000 for a feasibility study. The study team concluded that there was an urgent need for a plant stress and water conservation research program and that Lubbock, Texas, was the ideal location for a laboratory facility. A later decision to locate the facility on the campus of Texas Tech University, in conjunction with the College of Agricultural Sciences, finalized the first major step in the development of the program.

1978-1979: Congress appropriated $800,000 for the preparation of a research program plan and architectural and engineering plans for the appropriate laboratory in which to carry out the proposed research. The Science and Education Administration in August, 1979, transferred a USDA/ARS scientist (plant physiologist) to Lubbock, Texas to serve as a cooperative scientist working with Texas Tech and Texas Agricultural Experiment Station scientists on environmental stress mechanisms in sorghum and cotton. Texas Tech provides office and laboratory space and use of the library, computer, and other University facilities as well as extending full faculty privileges to the USDA/ARS scientists.

1980-1981: Congress appropriated $200,000 to initiate basic research on the problem.

1983-1984: Congress appropriated funds for completion of the architectural and engineering plans.

1988-1989: Congress passed and the President signed into law PUBLIC LAW 100-339 which authorizes construction of the Plant Stress and Water Conservation Research Laboratory on the campus of Texas Tech University.

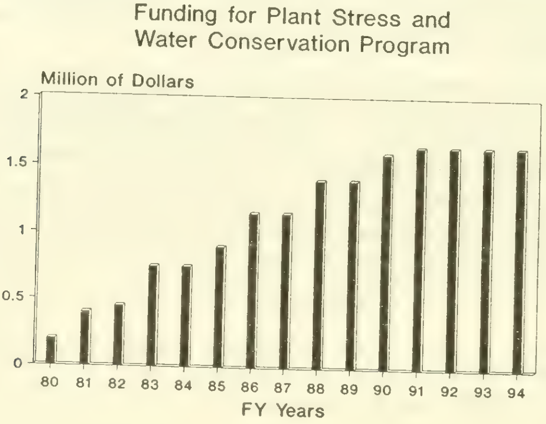
1989-1990: Congress appropriated $500,000 to construct Phase I of the Plant Stress and Water Conservation Research Laboratory.

1990-1991: Congress appropriated $600,000 to complete the architectural and engineering plans for Phase II (the main laboratory) and $75,000 to enhance the ongoing cooperative research program, bringing total research program funding to $1,675,000.

1991-1992: Congress appropriated $1,300,000 for initiation of construction of Phase II (the main laboratory).

1992-1993: Congress appropriated $1,100,000 toward construction of Phase II (the main laboratory).

1993-1994: Congress appropriated $551,000 toward construction of Phase II (the main laboratory).



RESEARCH MISSION AND ACTIVITY TO DATE

The mission of the Plant Stress and Water Conservation Research Program is to develop a detailed understanding of how plants survive and grow when exposed to extreme temperatures and limited moisture. This knowledge is used to develop improved varieties and crop production systems for cotton, wheat, sorghum and forage crops that insure greater water use efficiency, improved drought tolerance and increased winter hardiness. This research is critical to the future success of the agricultural industry of the Great Plains region of the central U.S. where environmental extremes cause millions of dollars of losses in crop production each year. Reduction of these annual losses would stabilize the economy of this region while improving the ability of the American farmer to compete in domestic and export markets for agricultural commodities. The Plant Stress and Water Conservation Research Program has concentrated in three specific areas: Stress Physiology; Genetic Enhancement; and Advanced Production Systems.

Stress Physiology:
The specific objective of research in stress physiology is to identify and understand the structural and biochemical mechanisms in higher plants that could mediate the impact of environmental extremes. These studies have concentrated on the evaluation of those weed and crop species which grow in the driest deserts and coldest regions of our planet. Scientists have isolated specific morphological modifications, enzymes and proteins that drastically reduce the damage caused to plants exposed to environmental stress. Only recently have the first of the hundreds of genes available from these exotic species been fully characterized.

Genetic Enhancement:
Plant physiologists work cooperatively with molecular biologists to isolate the specific DNA sequences needed to synthesize the unique proteins and enzymes that reduce environmental stress. The plant stress DNA sequences are combined with other regions of DNA that regulate gene expression to insure that the selected stress genes are "turned on" only when the crop plants are exposed to specific environmental conditions. These carefully designed plant stress genes are then introduced into bacterial cells to generate the millions of additional copies needed for incorporation into a crop plant.

Cell biologists have developed several innovative techniques to introduce these genes into individual cells or intact plants of cotton and alfalfa. Only in a small proportion of the cells exposed to the plant stress genes will the introduced DNA be incorporated into the original DNA of the crop species resulting in a transformed plant. Scientists worldwide are still working on similar techniques to allow transformation in wheat and sorghum.

Plant breeders and molecular biologists have only recently begun to select among thousands of transgenetic plants for appropriate expression of the introduced genes. Only after extensive and carefully controlled evaluation under laboratory conditions are transformed plants evaluated under field conditions.

Agronomists are evaluating the impact of row orientation, row spacing/plant populations, nitrogen fertilization and water management to optimize economic yields under both dryland and irrigated conditions. These cultural practices have a drastic impact on the efficiency of critical physiological processes such as photosynthesis, nitrogen metabolism and carbon metabolism as well as soil water and crop canopy temperature relationships. Optimization of the soils and crop production environment is essential to ensuring economic crop production.

POTENTIAL ECONOMIC IMPACT

Insuring that the U.S. farmer is economically competitive in both domestic and export markets is essential to the future of American agriculture. Use of genetically enhanced varieties and advanced production systems to improve the efficiency of producing major crop commodities has the potential to revolutionize American agriculture. These technologies are beginning to be applied in specific production regions worldwide to improve the efficiency and stability of crop production. Any country or geographic region not participating fully in this revolution will become increasingly less efficient and less competitive in both domestic and international agricultural markets. If the agricultural industry of the Great Plains is to survive in this highly competitive global environment, it is essential that the U.S. lead and not follow in the application of leading edge science to this industry. The successful efforts of the Plant Stress and Water Conservation Laboratory will allow future generations of American farmers to produce crops for food during extremely cold winters or hot, dry summers and in direct competition for international crop commodity markets.

WHITEFLY MANAGEMENT COMMITTEE

WITNESSES

HON. DUNCAN HUNTER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

HON. GEORGE BROWN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

HON. AL McCANDLESS, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

JOHN MENVIELLE, CHAIRMAN, IMPERIAL VALLEY WHITEFLY MANAGEMENT COMMITTEE

Mr. DURBIN. I believe Mr. Hunter and Mr. Brown are here and perhaps Mr. McCandless. I did not see him but he is on the list.

Mr. HUNTER. We have also, Mr. Chairman, our delegation with us from Imperial Valley who were going to testify separately. Could they come up with us?

Mr. DURBIN. Well, they are welcome to. We have plenty of seats at the table.

Who would like to lead off here?

Mr. HUNTER. Well, Mr. Chairman, let me—I guess I am the host congressman in that a large part of the problem is taking place in Imperial County which is in my district. But let me say that George Brown is my partner here. We have a unique situation that I was born in his district and he was born in mine and we both vie for the Imperial County during periods of reapportionment and he has been a tremendous supporter of the farming community in Imperial County and it is so kind of you, George, to be here and give some real clout to our testimony.

We would also like to introduce John Menvielle who is the chairman of the Whitefly Committee for Imperial County and Steve Birdsall who is the county agricultural commissioner for Imperial County and John has testimony on the whitefly.

We have two issues here, I think, of importance. The first issue, of course, is the whitefly itself. And I would ask that my statement be made a part of the record, if I could, Mr. Chairman.

Mr. DURBIN. Without objection.

Mr. HUNTER. And Mr. Skeen. First, the whitefly has caused over $300 million worth of damage to Imperial County. We have heard some disturbing reports from APHIS in listening to their testimony to the effect that we felt that APHIS was at least implying that they think that the whitefly problem is behind us and I think the testimony and description of Mr. Menvielle will show that that is not the case. It is still an enormous problem. It has potential to continue to wreak catastrophe in Imperial County and we need your support to keep the whitefly as a priority for APHIS for research. We certainly have not won that battle yet.

Secondly, the Brawley Research Station is an issue and the Brawley Research Station is scheduled for closure. It is a station that is in Imperial County which has been a leader in irrigation systems, in salinity studies and a number of other areas. It is a station in which the county citizens and farmers have contributed more money than the Federal Government has. I believe they contributed in excess of some $400,000 last year.

We are talking about a relatively small commitment from the Federal Government, $306,000, and we would appeal to you to keep this station going because it means so much in terms of keeping quality and productivity surging in Imperial County and elsewhere around the world. It has been visited by people, by many farming leaders, agriculture leaders from around the country and around the world and we think it has real value to this nation.

So having said that, George, take it away.

Mr. BROWN. Thank you very much, Duncan, and thank you, Mr. Chairman, for allowing me to testify here. This is a task I undertake based upon my own deep roots in the Imperial Valley and considerable familiarity with the problems.

I was born about ten miles from this research station and I am going to lend my support to the two programs which Duncan has mentioned, the continuation of the whitefly research program which is about in the middle of a proposed five-year research program and the Brawley Research Station. And I might say that the results of the whitefly research will be applicable not only to Imperial County which suffered the major loss in the initial infestation, but it also will be valuable to the entire southern United States and Florida because of the possibility of infestation in those areas as well. We think it would be tragic to terminate this research program and want to testify in support of its continuation.

The Brawley Research Station participates in the whitefly research although that is not its only function. It also participates in a number of other research programs. The station is one that has been there for quite a number of years on land originally donated by the farmers and, as Duncan has said, they support the research on an ongoing basis.

I know that we are going to have to consolidate research facilities in the Department of Agriculture. I am willing to give you an hour's testimony on how best to do that. But I think that one of the cardinal rules ought to be to give a priority to maintaining those facilities in which there is a large burden sharing by the community itself, which is the case here, and in which there is an emergency situation, basically the whitefly situation, in which this research station participates at the time being.

I would suggest that there be a long-term plan for consolidation of these research facilities which considers these other kinds of factors.

Now, I have long supported a movement toward a greater amount of competitive research in agriculture as the gentleman knows. I think that gradually we have to move in this direction as well as recognizing the budgetary restraints that we have. But we can have a world class research system on the funds that are available by using prudence in which facilities we keep open, insuring that we get the maximum dollar result by leveraging the federal investment with private investment, which is the situation that we have here.

I am very grateful to the committee for this opportunity to testify.

Mr. DURBIN. Thank you for joining us.

Mr. Menvielle?

Mr. MENVIELLE. Yes. Thank you.

Mr. Chairman and members of the committee, I am John Pierre Menvielle, an agricultural producer in a family farming operation of 1700 acres in Imperial County, California which is commonly called the Imperial Valley, located in the southeastern corner of California.

This area used to be known as the nation's winter vegetable garden and could boast of supplying the nation with its fall melons and it held many other honors in agricultural production.

In the latter part of 1991, we suffered a major disaster from the sweetpotato whitefly and our farming activity has changed very drastically since then. In the past three years, we have suffered losses from the whitefly of around $330 million in agricultural production.

Agriculture is the foundation of our area's economy. Since the whitefly disaster and its continued presence in severe numbers, our economy has gone into a tailspin. Steve Birdsall, the Imperial County agricultural commissioner, will assist me with a few charts.

This is a photo of the whitefly activity in a farm field. The light colored blotches in the center of the photo are swarms of whitefly. In the 1991 invasion, it was swift and overpowering. Like a plague, it wiped us out in a very short period of time.

This map shows the migration of sweetpotato whitefly and supports our belief that this pest is the number one new emerging pest. It has heavily infested Florida, Texas, Arizona, California and northwestern Mexico and is taking hold in Georgia, Mississippi, Arkansas, New Mexico and is showing up in Ohio and New York. It is now moving northward from the desert valleys to the San Joaquin Valley. It has been detected in Sacramento from watermelon plantlets that came from a greenhouse in the desert areas.

When the disaster struck our farms, the growers quickly banded together and formed a whitefly management committee. It developed a mission statement, a broad list of goals and objectives and sought to cooperate with others in seeking a solution to the whitefly problem.

Because of the economic impact of the whitefly, our county's ranking in agricultural sales moved from eighth place to tenth place in two years' time. Our farmers impose a surcharge on themselves for irrigation water and along with other contributions we have raised nearly $800,000 which we are using in cooperation with federal, state and university funding to find an effective response to the whitefly.

From the start our committee was involved in the development of a five-year national research and action plan that was begun in 1992 with the help of ARS, APHIS, CSRS and CES.

We have followed a five-point plan built around (1) plant management; (2) biological control supported by parasites, predators and pathogens; (3) chemicals; (4) biology; and (5) application technology.

Here is a quick look at the projects our whitefly management committee is funding.

There are biological control projects we are working with USDA on in the five-year plan. Bio-control is considered very important to us as we move towards the concept of integrated pest management with less reliance on chemical pesticides.

Mr. Chairman, we are very grateful to this committee for its support of the USDA sweetpotato whitefly research programs. We are now at the midway point of a five-year plan that everyone committed to back in 1992. The solutions that we find will apply not only to the whitefly but to other emerging pest problems that are bound to confront U.S. agriculture far into the future.

This past Wednesday Mr. Birdsall and I along with some other Imperial Valley growers sat in this room and heard testimony of APHIS officials regarding its FY '95 budget. We were shocked to hear them say that the sweetpotato whitefly is no longer a priority in the agency.

We wonder where this leaves us, with increasing emphasis on less pesticides, with bio-control measures as a centerpiece of our five-year national research and action plan and with the whitefly in overpowering numbers in our agricultural fields as we sit here.

Where can we turn for research leadership to continue this important program?

The APHIS withdrawal from our research program next year is not the only shock. We have also learned that ARS is planning to close the Brawley irrigated desert research station where our whitefly research is centralized. ARS is saying that research in the area will not be interrupted because the University of California will carry on the Brawley Station's work. This is not possible.

The university system is not prepared or even willing to substitute, absorb or replace the Brawley Station's lengthy agenda of research projects of importance to desert agricultural production. In my written testimony is a letter from the University of California chancellor that supports this statement.

We feel the operation of the Brawley Station is a model of cooperative effort between the private sector and the Federal Government, much like the Clinton Administration is calling for. In 1951, our area's farmers bought the land that the station was built on and over the years we have consistently raised money to jointly operate it. Last year, for example, the local community put up $400,000 to operate the station, compared to USDA's $306,000.

We have many important research projects underway at the Brawley station, some of which are listed in my testimony, but among the most important are those being carried out by the sweetpotato whitefly team.

We appeal to this committee to recommend funding for whitefly research at no less than the level for FY 1994 and that would include restoring funding for APHIS.

I would like to answer any questions that you may have of us at this time.

Mr. DURBIN. Thank you for your testimony and I think that you have stated your case very clearly.

I thank Mr. Brown and Mr. Hunter for joining this delegation.

I can tell you that I cannot recall the statement that you referred to by APHIS although there were a series of questions related to whitefly research. We will make certain that the record is clarified on that point.

I can assure you that regardless of what was said at this hearing that whitefly research is still a very high priority of this subcommittee. I speak not only for myself but other members whose districts are impacted by this scourge and we will, I believe, this year be spending in the neighborhood of $7 million in research between APHIS and ARS and I think that we would anticipate similar amounts in the next year, maybe more.

As for the Brawley facility, there are 19 labs up for closing. This is similar to base closing which we have all been through. No one likes to lose their lab and we are doing our best to come up with an objective matrix to justify each of those closures. We are still working on that.

Mr. Skeen?

Mr. SKEEN. Thank you, Mr. Chairman.

I want to tell you how much I appreciate your testimony and I can assure you that we are taking this whitefly infestation as a very serious situation. I have right here in my hand a note from Congressman Tom Lewis from Florida about his priorities which mentions the sweetpotato whitefly situation. So it is very serious all across the southern part of the United States.

Mr. MENVIELLE. Okay, sir.

Mr. SKEEN. Thank you, sir.

Mr. MENVIELLE. Thank you very much.

Mr. HUNTER. Mr. Chairman and Mr. Skeen, thank you very much. Just a closing word. In a way, these two issues work together because when you are in the middle of a war with a pest as we are with the whitefly it does not make a lot of sense to close down your research station that is engaged in that war.

Mr. DURBIN. Thank you.

Mr. HUNTER. We appreciate you. Thank you.

Mr. DURBIN. Mr. McCandless, we have your statement for the record. Would you like to add something at this point?

Mr. MCCANDLESS. Very briefly, Mr. Chairman because we have a vote over there.

I am in complete accord with what I am sure my colleagues have already said. Before I got here, although I am not sure about George Brown. George was born in Holtville, and I was born in Brawley, so he cannot be all bad.

It is important that we continue this APHIS program that has been started. We have had substantial damages from the whitefly in our row crops, in our grapes and the rest of our agricultural enterprises.

In the Palo Verde Valley, the center of which is the little community of Blythe, they have had substantial damages to melons and other types of row crops. As a result of that, we need to continue to have the ability to do the research necessary to prevent future damage. One of the problems with respect to this research is that if we shut down the APHIS program before we complete it, we will not have produced or tested the effective parasites that are necessary in order to handle the whitefly problem. So the program should go on into what is considered to be the completed stage, as my colleagues have already mentioned to you.

In conclusion, research is always something that agriculture is involved with. The important part about the research at the ARS desert research station in Brawley is that is a multi-funded program. The community has gotten involved in that, and is spending a considerable amount of its own money, which would indicate to me and to others that it is certainly a worthwhile program that is producing results or they would not continue to support it.

So I am asking the committee to look favorably upon the two programs.

Mr. DURBIN. Thank you, Mr. McCandless. And I want to thank this panel for your testimony.

I think we have about four minutes remaining on a roll call vote. We will be returning as quickly as possible. If you have plane problems, let us know. We will try to put you early in the program.

[Recess.]

[The statements follow:]

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Testimony of Congressman Duncan Hunter Before the House Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug, and Related Agencies

I appreciate the opportunity to be here today to testify on two very important issues of concern to the people of the Imperial Valley -- the Sweetpotato Whitefly (SPWF) and the Brawley Desert Irrigated Research Station.

As you know, the whitefly has been one of the most damaging pests to farmers not only in the Imperial Valley but in many other farm communities. I am appealing to the Subcommittee this year because the whitefly is threatening to become even worse. We have got to stop it before it wreaks havoc again on Imperial County farms and before it becomes established in the San Joaquin Valley -- one of the largest contiguous farming regions in the world where over 200 different crops are produced. It must be stopped before similar disasters, such as the one that occurred in Imperial Valley, occur in many other states where whitefly populations are increasing in tremendous numbers such as Arizona, New Mexico, Texas, Mississippi, Georgia and Florida.

No farming area has the economic substance to withstand a disaster like the one that struck Imperial County in the latter part of 1991 and has held the area hostage in the ensuing two years. The county has suffered over $300 million in farm production losses since 1991. The county's economy was already weak before the whitefly disaster and this jolt to the economy from this plague-like invasion has been catastrophic.

I am concerned that USDA's Animal and Plant Health Inspection Service (APHIS) has lowered its priority for one of the most threatening pests in American agriculture. I believe it is critical that APHIS continue its commitment to a five-year national research and action plan. To date we are only two and a half years into this commitment.

Mr. Chairman, the second issue of great concern to Imperial Valley farmers is the Brawley Research Station. I would appeal to this Subcommittee to not let the Agricultural Research Service (ARS) close the Brawley Desert Irrigated Research Station. Since the Research Station has a very unique private industry and government relationship it only requires a very small commitment from the federal government -- $306,000 a year. The Subcommittee will be very interested to know that this past year, the farmers of Imperial County donated $400,000 to the operation of the Brawley station. Since 1951, the farmers of the Imperial Valley have contributed several million dollars -- this does not include gifts or time.

You may also be interested in a little of the history surrounding the creation of the Research Station. In the late 1940s, the Imperial Valley Farmer's Association served as the lead organization in forming a committee to enter into partnership with the federal government for meaningful research in the area. They solicited donations from farmers and purchased 160 acres of suitable land near Brawley on which the ARS station was constructed. They leased the ground to the USDA for $2 per year and have been in partnership ever since.

Ever since the presence of the Brawley Station, the USDA has been a major player in the agricultural problems confronting Imperial County, especially in the area of pest management. The station has served as a "war" center on many occasions in fighting pests. It would be sorely missed if we cannot preserve this public/private partnership.

The station has been visited and praised by experts from every part of the globe. This is because the station is on the cutting edge of research that is relevant to consumers as well as producers. The station support committee has just signed amendments to extend for an additional five years the sophisticated and extensive underground water conversation and production experiment with alfalfa. The expensive Lysimeter installed on the station should not be moved at least until the five-year experiment is concluded. Also, the date grove repository would be impossible to replicate as a mature grove for several more years. Our specialized salinity field locations would be expensive to duplicate. There are several dozen research projects currently underway at the station, not the least are those involving the Sweetpotato Whitefly. The other projects involve lettuce, sugar beets, wheat and other cooperative commodity trials, melons, alfalfa. and several salinity projects. Work done at the station in identifying precipitation of iron and manganese accumulation resulted in today's modern tile-cleaning and maintenance policies. In addition, over ten crops have been given field trial evaluation for salinity level evaluation in conjunction with the Riverside Salinity Lab. These field trials cannot be run in the immediate vicinity of Riverside due to smog interference with scientific validity.

Again, I urge this Subcommittee to maintain the funding for Sweetpotato Whitefly research at levels sufficient to get the job done, and that includes the serious participation by APHIS. Also, I ask that you consider the important role that Brawley Irrigated Desert Research Station is fulfilling at a very small cost, and the cooperative role of the farming community in operating the station. I appeal to you to keep funding the Brawley station.

Thank you for the opportunity to testify on these important matters.

Testimony of Congressman George E. Brown, Jr. Before the Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies of the House Committee on Appropriations

April 19, 1994

Mr. Chairman, I appreciate the opportunity to testify today on behalf of the whitefly research program, a portion of which is conducted in the Imperial Valley in my home state of California. I would also like to introduce to you, Mr. John Menvielle, who will offer detailed testimony on behalf of this program and the Irrigated Desert Research Station at Brawley, California.

The sweetpotato whitefly is a major agricultural pest in Florida, Texas, New Mexico, Arizona, and California, and has caused devastating economic losses to farmers in these regions. Two years ago, a 5-year National Research and Action Plan for Sweetpotato Whitefly was initiated. This was to be a cooperative program between federal and state agencies, private industry and commodity groups, and local communities. The farm community of Imperial County has contributed both time and money to this effort. The Animal and Plant Health Inspection Service has recently completed a facility to mass rear biocontrol agents for release in California and Arizona.

I understand that USDA has now decided to eliminate funding for the whitefly research program and to close the ARS facility at Brawley where much of the field research for this program has been carried out. I do not understand these decisions. The research program to develop biological control and management strategies to deal with this pest are just beginning to show results, and this agricultural pest still represents a major threat to agricultural production throughout our southern agricultural areas.

The Federal budget constraints which we must all live under at this time requires that cooperative efforts between government and local communities be undertaken to solve problems. The farmers of Imperial Valley have demonstrated their willingness to participate in developing solutions to their problems of pest management and water management through their support of the Brawley station and their contributions to funding this whitefly research effort. I believe that this type of cooperation should be rewarded.

I urge the Committee to continue federal support of sweetpotato whitefly research and to assist the farm community of the Imperial Valley in solving their problems by keeping the Irrigated Desert Research Station at Brawley, CA open. Thank you again for the opportunity to testify today.

IMPERIAL COUNTY FARM BUREAU

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IRRIGATED DESERT RESEARCH STATION
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WHEREAS: The USDA has proposed that this research facility be closed: and

WHEREAS: The Imperial County farmers purchased the land at the present location, and deeded part of the property to USDA, so that buildings and other structures could be built; and

WHEREAS: The Imperial County growers supply funds for various research projects; and

WHEREAS: The USDA, A.R.S. agreed to staff the center with proper personnel and research scientists; and

WHEREAS: The growers agreed to sell all produce raised on the station and provide any funds received for the use of the scientists; and

WHEREAS: Over the life of the station the growers committee have committed in excess of $1,000,000 to the experimental field and equipment; and

WHEREAS: At the present time the USDA has a long term water conservation contract entered into in good faith to complete an underground drip irrigations project; and

WHEREAS: 135 thousand dollars annually have been committed by the Growers Committee, Imperial Irrigation District and Metropolitan Water District of Southern California; and

WHEREAS: The closing of this facility as planned could represent a breach of good faith and of course the project will be destroyed; and

WHEREAS: There are many other reasons for this very special research center to continue.

NOW THEREFORE BE IT RESOLVED, The Imperial County Farm Bureau at its regular meeting on March 14, 1994 passed a resolution in support of continuing this station and does hereby recommend that the research center at Brawley should be continued, and more, not less agricultural research be conducted there. We believe this is a very special relationship between the USDA and the growers in this area, and certainly meets the historic reason for the existence of the U.S. Department of Agriculture.

Attest,

Earl Brinkman

Earl Brinkman, Secretary

SWEETPOTATO WHITEFLY (SPW) BRIEFING PAPER - FY 1994

Summary

(Various names have been attached to the "whitefly" identification such as Poinsettia, Sweetpotato, Strain B, and Silverleaf. For the purpose of this briefing paper, the designation SPW will be used.)

- A new type of whitefly first discovered in 1986 is inflicting damage to produce and field crops from Florida to California (especially the warmer climes) and in greenhouse crops throughout the U.S.

- In response to the menacing threat to U. S. agriculture, USDA's Agricultural Research Service (ARS), Animal and Plant Health Inspection Service (APHIS), Cooperative State Research Service (CSRS) and Extension Service (ES) have joined in efforts of Federal and State agencies, private industry and commodity groups in development of a Five-Year Research and Action Plan for the SPW.

- The plan was completed in 1992 and is to be updated annually. It serves to coordinate programs of the various agencies and promotes priority setting, communication, efficient use of resources and exchange of information.

- In 1993, about $9.8 million in Federal and State supported research and action programs have been allocated to finding a solution in the SPW problem. Resources are identified in the following table:

Agency		1993 Estimates	1994 Needs
ARS		$2,348,000	$5,000,000
CSRS Formula and States*		$4,466,000	*$4,466,000
APHIS		$3,000,000	$3,500,000
	Total	$9,814,000	$12,966,000

* In addition to CSRS formula funds, IPM special grants contribute to SPW research. Total IPM special grants, of which a portion is allocated to SPW, are $4.5 million in 1993 and requested to be increased to $7 million in 1994.

- Adding to the efforts of research and supporting agencies, extensive efforts by Federal and State Cooperative Extension Service specialists are formulating recommendations and education programs to best deal with the problem short term as research is being conducted.

- To fully implement the critically needed research and action programs outlined in the Five-Year Plan, ARS, CSRS, APHIS and ES are seeking increased funding for SPW.

Nature and Background of Issue

- SPW has caused significant economic damage on food and fiber crops in California, Arizona, Texas, Florida and Georgia, and in greenhouses across the country. Annual losses exceed $200 million. SPW has caused economic losses in Imperial County, California, alone in excess of $250 million in two years (1991 and 1992).

- Before the 1980's, whitefly was a minor problem; a new biotype or perhaps a new species has emerged that attacks more crops, reproduces faster, has an expanded geographical range, is a better vector of plant diseases and is resistant to or is developing resistance to most, if not all, registered pesticides. Major crops affected include cotton, alfalfa, peanuts, soybeans, lettuce, tomatoes, potatoes, melons, cucumbers, cabbage, cauliflower, broccoli, peppers, citrus, grapes and sugar beets.

- The Five-Year Plan was developed by scientists from ARS, APHIS, CSRS and ES, with representatives from universities, commodity groups, State Departments of Agriculture and industry. The research priorities set in this plan represent the collective thoughts of all participants and focuses the research on highest priority areas. Cooperative complementary research programs, open lines of communication, frequent information exchange and optimum utilization of resources are stressed as cornerstones of the national program. The enthusiastic responsiveness and participation of growers, agricultural industries and the scientific community suggest this concept is fully accepted and a major asset in progressively moving towards development of strategies that will provide solutions to the serious problems that have been generated by this devastating insect pest.

- A USDA SPW Research, Education and Implementation Coordinating Group has been organized with representatives from the various involved agencies in the USDA serving as members. ARS currently chairs the coordinating group. The group is charged to provide coordination for USDA interagency activities and to provide an information flow to agency administrators.

- A progress review of the Five-Year National Research and Action Plan for development of management and control methodology for SPW was held in Tempe, Arizona, January 18-21, 1993. The review was attended by over 200 people (including 35 scientists from Mexico). The results of the first annual progress review showed substantial progress in all of the national plans of high priority research and action areas. A total of 117 abstracts were published which described the work and program, clearly showing the extensive nationally coordinated effort being expended towards this pest. More importantly, the evolving fundamental and applied information on natural enemies, biology, virus-vector relationships, host plant interactions, population dynamics and chemical control will provide a firm base for the development of long-term efficient and environmentally acceptable strategies for the management and control of the SPW.

- The SPW is distributed world-wide and its significance as a pest is rapidly increasing in many countries. The SPW Coordinating Group has received requests for information and relevant documents and meeting dates from Mexico, Russia, Israel, Venezuela, the Honduras and Pakistan.

- The next annual program review of the 5-Year National Plan is scheduled to be held in Orlando, Florida, January 22-25, 1994.

Roles, Responsibilities and Funding

- **ARS**: The ARS coordinates its SPW research activities intramurally, and with its cooperators, helps facilitate the National Plan, provides base funding for long-range SPW research, and provides temporary funds for some short-term SPW research projects as it can be made available. These funds have been redirected from lower priority research activities. ARS estimates that it needs an additional $5 million in base funds over the next 3 years to fulfill its part of the SPW National Research and Action Plan effort.

- **CSRS**: The CSRS coordinates the SPW research being conducted by university scientists. The CSRS formula and State funds for SPW amounts to $4,465,608 ($381,390 are CSRS formula funds). CSRS plans to request an increase in FY-94 from $4,457,000 to $7,000,000 for the IPM Special Grants Program to support State scientists in developing the comprehensive area-wide IPM programs to manage the SPW.

- **APHIS**: APHIS conducts critically important surveys for the different biotypes of SPW and natural enemies for the SPW present in the U.S. The agency is very active in receiving new biocontrol agents into quarantine rearing, and providing sufficient numbers of test organisms to other Federal and State scientists for evaluation. APHIS is seeking to be a participant in the highly promising Integrated Pest Management projects. Its funding in FY-93 for SPW was $3,000,000 and a funding increase to $3,500,000 is sought for FY-94 in order to join the IPM efforts.

- **ES**: The Extension Service has formed a Sweetpotato Whitefly Action Team (SWAT) comprised of a group of entomologists brought together through the efforts of the Cooperative Extension Service (CES). The overall purpose is to develop educational and informational programs for agricultural producers in states suffering agricultural economic losses due to the SPW. SWAT will activate a multi-state cooperative mechanism for joint planning and development of educational programs that facilitate the transfer of practical and implementable IPM approaches to SPW management. The current funding for the ES is approximately $66,000 per year in support of the SWAT activities. It also has considerable State and Federal resources devoted in specific activities related to the SPW.

TITLE: A CONSOLIDATED SAES RESEARCH PLAN FOR STATE EFFORTS DIRECTED AT THE SWEETPOTATO WHITEFLY

DESCRIPTION: The sweetpotato whitefly, *Bemisia tabaci*, is devastating crops and ornamentals throughout the southern U.S. from Florida through Texas to California. Insecticides are not effective and widespread control failures are occurring. Therefore, State Agricultural Experiment Stations (SAES) in California, Arizona, Texas, and Florida are proposing a collaborative research program. These institutions have unique expertise and capability to deal with this important pest. Cotton, vegetables, and ornamental plants will be the target cropping systems. To stabilize and return profitability to the crop and ornamental plant industries, research will rely on biologically intensive integrated pest management (IPM) tactics. Emphasis will be placed on biological control, host plant resistance, and cultural management.

RELEVANCE: The annual economic impact of successful management will be enormous; 1991 cotton and vegetable losses due to the whitefly in California, Arizona, Texas, and Florida exceed $500 million. This does not consider losses to the packing and processing industry. In California more than 4,000 jobs have been lost, in Texas, 6,500 jobs. Sweetpotato whitefly losses in Central and South America, areas that provide vegetables to the U.S. market, are escalating at this time. Further increases in consumer prices are expected. The proposed research project will bring about long-term stability, return profitability, and significantly improve environmental quality in the crops under attack by the sweetpotato whitefly. This in turn will promote greater food safety, protect water quality, and improve farm worker safety.

ACTION: An appropriation in the USDA Cooperative State Research Service (CSRS) Special Grant Program is requested for the California, Arizona, Texas, and Florida SAESs to fund this joint project in the 1993 budget. An appropriation of $2 million is sought for the four institutions. Congressman George Brown of California has introduced legislation which would direct $3 million in CSRS FY92 funding for whitefly research, thus providing a mechanism for funding the first year of the four-state project.

BACKGROUND: SAES scientists in California, Arizona, Texas, and Florida have unique expertise in biological control, plant breeding for pest resistance, and applied ecological research for cultural modifications that will lead directly to economic control of the sweetpotato whitefly. The development of field usable, biologically intensive IPM systems will be closely coordinated with USDA Agricultural Research Service (ARS) and APHIS, as well as the state Departments of Agriculture. Promising strategies will be evaluated and implemented through the Cooperative Extension Service. Communications with other states and countries working on whitefly will be expanded. The funds requested in this appropriation will be used to catalyze and accelerate research ongoing in California, Arizona, Texas, and Florida. Support for this proposal is advocated by state and federal agencies, state institutions, growers, packers, shippers, and consumers.

COST: The cost of personnel operations, facilities, and equipment is estimated at $2 million per year. Resources sought include operational funding for personnel, greenhouse facilities, laboratory equipment, travel, field research and demonstrations, and technology transfer. The four SAESs will contribute significant existing resources in terms of staff, equipment, and facilities. The requested appropriation of $2 million is a small fraction (0.7%) of the estimated crop losses of $300 million in these states.

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Statement of the Honorable Al McCandless
Before the Subcommittee on Agriculture and Related Agencies
House Committee on Appropriations
April 19, 1994

Mr. Chairman, I appreciate the opportunity to appear here today at the last minute. Knowing the number of speakers you will have, I will be brief.

The Chairman of the Imperial Valley Whitefly Management Committee, Mr. John Pierre Menvielle, is here today, and will be speaking in greater detail about the whitefly situation out in the trenches.

The main point I wish to make is very simple: the amount of economic damage that the whitefly has **already** caused to agriculture in the Coachella, Palo Verde, Imperial and Mexicali Valleys is substantial. However, it has the potential to be even more devastating if not properly contained. I would ask the Committee to take this under consideration, along with the amount of time and money which it has already invested in the APHIS program since 1992. We are on the verge of realizing significant advancements from the research which has been completed up to this point. The return on the Committee's investment will be minimal if the program stopped now, and the threat to agriculture and related industries is still extremely real.

I would also respectfully ask the Committee to reevaluate the proposal to close the ARS Irrigated Desert Research Station in Brawley. This station is the hub for a number of important research projects, and is the center for our ongoing research on whitefly control methods. It is also a fine example of the resource-sharing and cooperation between the federal government and private industry which the Clinton Administration is seeking to promote. For example, the local farming community last year contributed more than half of the station's overall budget. If the station were to be closed, Mr. Chairman, there is no other entity ready or able to take up the slack. The research time and resources lost would be very detrimental to our established goal. I have a letter here from the Secretary of Agriculture of the State of Baja California which attests to the effectiveness of the Brawley station, and would like to include this in the record.

Mr. Chairman, I am very grateful for this chance to appear today at the eleventh hour. Thank you in advance for your consideration and attention to these matters, and please do not hesitate to contact me directly if I can provide you with any additional information or answer any questions you may have.

I would ask that the rest of my statement be entered in the record.

ESTADOS UNIDOS MEXICANOS

SECRETARIA DE AGRICULTURA
Y RECURSOS HIDRAULICOS

DELEGACION ESTATAL EN BAJA CALIFORNIA

No. DE OFICIO 702.- 851

Mexicali,B.C., April 6, 1994

CONGRESSMAN AL McCANDLESS
2246 RAYBURN HOUSE OFFICE BLDG.
WASHINGTON, DC. 20515

Dear Congressman McCandless:

We have recently become aware and are concerned about the proposed closure of the Agricultural Research Service´s Irrigated Desert Research Station in Brawley, California. For a number of years, this station has produced invaluable research pertaining to water conservation, salinity control, irrigation techniques and, most recently, pest management for whitefly. Due to our commorality of soil and environmental conditions, water supply and irrigation systems, this research has been applicable to both the Imperial and Mexicali Valleys.

The invasion of the sweetpotato whitefly in the fall of 1991 justifies the importance of this station and its research, as this pest does not recognize the presence of an international border. Charter membership of the Imperial County Whitefly Management Committee has greatly enhanced the exchange of this type of research information, which has been of mutual benefit. It is vital that this station remains open to ensure that research relevant to our Valleys remains focused in the area where the problems exist.

Thank you for your time and consideration as you review our concerns and weigh the long term impact that the closure of this border research station will hold.

Sincerely,

ATENTAMENTE
SUFRAGIO EFECTIVO. NO REELECCION
EL DELEGADO ESTATAL DE LA SARH.

ING. MANUEL REAL LIZARDI

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Statement By John Pierre Menvielle
Chairman, Imperial Valley Whitefly Management Committee

Before The House Appropriations Subcommittee On Agriculture, Rural Development, Food And Drug Administration And Related Agencies

April 19, 1994

Chairman Durbin and Members of the Committee, I am an agricultural producer in a family farming operation that involves 1700 acres of diversified production in the Calexico area of Imperial County, California. I am Chairman of the Imperial County Whitefly Management Committee, a volunteer group of producers and agricultural business supporters, enlisted to help coordinate an effective response to the whitefly menace.

Commonly called the Imperial Valley, this region was once known as the Colorado Desert, lying in the southeast portion of California, next to Arizona, and adjacent to the border of Mexico. Its capacity to produce a wide variety of truck and field crops (as many as 120) in a desert environment is made possible by modern farming techniques and water from the Colorado River through the All American Canal. The farming techniques are designed to overcome the harsh desert conditions natural to the area—extremely high temperatures, soil salinity and relatively marginal farming soils.

Over Two-Thirds Of Employment Involves Agriculture

Agriculture is the cornerstone of the region's economy, accounting for 28% direct and 40% indirect employment. Although diligent efforts have been and are being made to broaden the employment base, Imperial County's unemployment rate often is the highest in the nation, ranging as high as 40%.

Because of its intensive, year-round agricultural activity, the Imperial Valley is a mecca for pest complexes. Historically, the pests have been kept under control by tight management of cropping patterns and shortened growing seasons supplemented with the judicious use of pesticides. A permit system for all pesticide useage in the Imperial Valley developed nearly 25 years ago became a landmark program in the orderly development of regulations governing pesticide useage in California.

Area No Longer Nation's Winter Garden; Fall Melon Production Gone

In times past, the Imperial Valley was known as the nation's winter vegetable garden and was especially noted for its fall melon production. In the area of field crops, it could boast of the highest cotton yields per acre in the world. The cotton industry, both in the Imperial Valley and the neighboring Mexicali Valley, has all but succumbed to a complex of pests that included the pink bollworm and the whitefly. Due to the overwhelming presence of the new strain of the Sweetpotato Whitefly that has laid siege to our agricultural production, we no longer have a fall melon crop and our early winter vegetable production has been reduced along with a severe reduction in yields of alfalfa, a mainstay crop.

Although we had dealt with the whitefly for many years, in the latter part of 1991, an incredible and swift invasion of a new strain of the Sweetpotato Whitefly (SPWF) engulfed the desert valleys of California, western Arizona, and northern Baja Mexico like a plague, leaving major crop losses in its wake. Our immediate reaction was to form the Whitefly Management Committee and begin raising funds to develop a broad research program to reduce and control SPWF populations to below an economic threshold and to reclaim some semblance of our livelihoods.

Representatives of our committee also met with federal, state and university officials who quickly joined in a comprehensive research program that I feel is praiseworthy in showing how the private sector, government and university resources can be marshalled to tackle major problems of this dimension.

Producers Imposed Self-Assessment, Raised Nearly $800,000

Producers in the Imperial Valley imposed on themselves an assessment on irrigated water and, with other contributions, the committee has raised nearly $800,000 of its own funds to go with state and university financial commitments in the research effort.

Four agencies of the U.S. Department of Agriculture—ARS, APHIS, CSRS and CES—assigned scientists to join with state, university research and extension specialists, commodity groups and private industry, and developed a five-year National Research & Action Plan that commenced in 1992. The plan is updated annually and promotes priority setting, communication, efficient use of resources, exchange of information and overall the coordination of the various agencies involved.

Mr. Chairman, we are profoundly grateful to you and your Committee members for the funding levels you have been recommending so that the five-year National Research & Action Plan can perform with meaningful resources. I believe this Committee and in fact the Congress will be pleased with outcome of the five-year program as a major contribution to the protection and furtherance of America's most prized asset—its agriculture. The SPWF research will produce not only responses to the whitefly menace but defense mechanisms that will have application to other new emerging pests that are bound to confront American's agricultural system.

Comprehensive Research

Scientists involved in the SWPF research program comment that the evolving fundamental and applied information on natural enemies, SPWF biology, virus-vector relationships, host plant interactions, population dynamics and chemical control will provide a firm base for the development of long-term efficient and environmentally-acceptable strategies for the management and control of the SPWF.

Whitefly-Vectored Viruses An Ominous Threat

Although progress is being made, we are somewhat distant from a solution. The incidence of SPWF-vectored viruses is by itself an ominous threat. For instance, viruses that cause cotton leaf curl are increasing substantially in California and Arizona and new viral diseases of lettuce vectored by SPWF also are being detected. Texas and Florida are also reporting greater SPWF activity. In Florida the SPWF-vectored bean golden mosaic virus has been reported and the incidence of the tomato mottle geminivirus is on the increase. Just recently a report out of Gainesville told of Florida's concern over the virus, transmitted by the SPWF, that has devastated crops in the Dominion Republic for the past two years and the effect it could have on the state's tomato industry. The virus is a geminivirus and is related to the tomato yellow leaf curl viruses found in several Mediterranean countries, India, Thailand, Japan and Australia. The report added, "Worse yet, we don't even know what other plants this virus affects."

We do know there are at least 300 plants that are host to the SPWF.

APHIS Collapsing Its Priority On Whitefly Research

During testimony given before this committee on April 13, 1994, APHIS officials stated that the SPWF was no longer a priority in the agency. Several other Imperial Valley farmers and I who were present at the hearing nearly fell out of our chairs to hear APHIS say it was collapsing its commitment to the five-year plan barely halfway into it.

In the Imperial County alone, the SPWF has caused over $330-million in agricultural losses since the latter part of 1991. This disaster has also translated into the loss of thousands of jobs in our small county. Heaven forbid, but it's likely that major SPWF-caused disasters will also occur in other parts of the U.S. and the threat of a return disaster is still very prevalent in the Imperial Valley. How can APHIS possibly say it no longer considers the SPWF a high priority?

APHIS Mass-Rearing Field Facility Only Just Completed

APHIS says that its portion of the five-year plan has been compressed into three years. Therefore its commitment is being "completed" at the end of FY 1994. Only on April 11, 1994, did APHIS complete construction of three greenhouses in Imperial County to be used to mass-rear two parasitic wasps for release in Imperial County and Arizona. This project is designed to further refine the mass-rearing technology and to evaluate the efficacy of these parasites under field conditions.

This type of research is central to the development of control mechanisms that link with the Integrated Pest Management concepts that the Clinton Administration say we must achieve over the next several years. Let me state that our producers prefer an IPM answer to the whitefly dilemma over one based on chemicals useage. But we must have broader research involving parasites and plant pathogens. The search, discovery, importation, mass-rearing, release, field trials, evaluation have only just begun. APHIS says it is time to transfer this technology to the private sector and that it must move on to other priorities. It is incredulous to the farmers of Imperial County that the lead agency for the USDA in biocontrol practices would make such a statement that it is ready to transfer technology that has not even been field tested. And to date no effective parasites have been produced and tested by APHIS.

The amount of money from APHIS being invested in the SPWF program in Imperial County is greatly appreciated but the FY 1994 amount is sufficient to only field test two parasites. If we could increase the field testing of numerous parasities we could more readily produce effective results. It is our understanding from the biocontrol community, some of which are APHIS scientists, that the biological control of the SPWF might require a mixture of parasites, predators and pathogens. To formulate this mixture under varying cropping conditons will require considerable resources from all involved.

We can't help but believe that also affected by the defunding of APHIS for SPWF research will be the Mission, TX, biocontrol Lab, where newly-found foreign biocontrol agents are held in quarantine and evaluated prior to release. Lack of funding could greatly impact foreign exploration for exotic biocontrol agents.

Our committee feels that the multi-agency approach is the only logical, reasonable and economical way to win the war against the SPWF.

Announced Closure Of Brawley Station Another Blow

The withdrawal of APHIS as a major participant in the whitefly war isn't the only shock to our area related to the FY 1995 USDA budget. We have also learned that the ARS is planning to close the Brawley Irrigated Desert Research Station where our SPWF research is centralized. The USDA budget consideration of $306,000 annually allocated to the station is very small in proportion to the many unfinished projects in progress.

ARS has stated that research in the area will not be interrupted because the University of California research station at Meloland will carry on the Brawley station's work. This is not possible. The University system is not prepared or even willing to substitute, absorb or replace the Brawley station's multi-faceted agenda that is crucial to desert agricultural production. I am attaching a letter to this testimony received from University of California Chancellor Raymond L. Orbach that supports the above statement.

The Clinton Administration has called for greater cooperation between the private sector and the federal government. We believe that our SPWF research program is exemplary of the cooperative concept that the Administration supports. And the support that our community has been providing the Brawley Irrigated Desert Research Station is even more of a collaborative effort. The station was built in 1951 on acreage bought by local producers and over the years they have consistently raised money to jointly operate the station. Last year, for example, the local community contributed nearly $400,000 to the operation of the station compared to USDA's $306,000.

The underground drip irrigation system recently installed by ARS at the Brawley station for water conservation studies would be lost and the cooperators left without objective scientists to answer this challenge to runoff research. Also, the cooperators would be left without receiving any value to their substantial contributions in this good faith, five-year experiment. It would cost more that $300,000 to duplicate the existing system.

There is a mature date grove repository at the station that could not be duplicated for at least several years. Also, there is a ten-year-old mesquite grove that would be difficult to duplicate. The mesquite biomass is being considered by Mexico and many growers to serve as a water interception barrier for field runoff. The station also has sugar beet germplasm trials that are addressing the problem of Rhizomania-resistant varieties, a very important study.

Currently there are 34 research trials and experiments of considerable importance not only to the Imperial Valley but to the whole Inland Empire agricultural complex. The nature of these trials make them difficult to conduct elsewhere. Weather conditions and isolation factors make them unique to the facility.

In closing, I wish to reiterate that the Brawley Irrigated Desert Research Station is both valuable and cost-effective, and deserves the federal government's continued support. Also, APHIS is an integral part of the formation of a comprehensive response to the SPWF menace and should stay committed to the five-year National Research & Action Plan. That is why we urge you to continue maintaining APHIS funding and that of the other agencies involved at no less than the FY 1994 level.

Mr. Chairman, we would welcome a visit from you and/or other members of your Committee to our area to not only inspect how the federal monies are being spent in our SPWF research efforts, but also to hear from other Imperial Valley farmers how grateful we are for your support of this very important program.

Attachment:
Letter Of Chancellor Raymond L. Orbach

ERSITY OF CALIFORNIA, RIVERSIDE

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OFFICE OF THE CHANCELLOR
RIVERSIDE, CALIFORNIA 92521-0101
(714) 787-5201

March 14, 1994

Mr. John R. Kershaw, President
Imperial Valley Conservation Research Center Committee
P. O. Box 1375
Brawley, CA 92227

Dear Mr. Kershaw:

Recently I learned of the proposal by the USDA's Agricultural Research Service (ARS) to close the Brawley Field Station. It also has come to my attention that the impetus behind this proposal has been linked to the University California, Riverside's Institute for Desert Agriculture. I assure you that there is no credibility to this rumor and emphatically state that our plans for the Institute and the federal government's plans concerning the future of the Brawley Field Station are completely independent.

We at UCR recognize the value of agricultural research to growers in the Imperial Valley. Over the years, many important contributions have been made by scientists working at the Brawley Field Station. Numerous cooperative projects have been carried out by UCR and ARS researchers in the past and, in fact, presently there is a collaborative research effort on whitefly management. Closure of the Brawley Field Station will reduce the overall efforts being expended on research in the Imperial Valley. There is no plan, however, to absorb the activities now underway at that site into the Institute for Desert Agriculture. The Institute is intended to enhance–not duplicate or replace–research that is being conducted at the Brawley Field Station.

UCR's primary interest is in addressing many of the problems facing desert agriculture today. The Imperial Valley is fortunate to have many forward-thinking, involved growers who work together for the greater good of their community. UCR will work closely with the community, USDA, and other agricultural interests to ensure that desert agriculture continues to be well served.

Sincerely,

Raymond L. Orbach

Raymond L. Orbach
Chancellor

cc: R. Reginato
D. Rabenstein
T. Perring

USDA PROGRAMS

WITNESS

LELAND SWENSON, PRESIDENT, NATIONAL FARMERS UNION

Mr. DURBIN. Leland Swenson?

Mr. SWENSON. Mr. Chairman, on behalf of the 253,000 farm and ranch members of National Farmers Union, I want to express our appreciation for the opportunity to appear before you today to discuss the proposed 1995 budget.

You have a copy of the testimony and because we are running late, I will just quickly summarize some key points within that testimony. But I do want to say today represents the first opportunity for me to personally appear before you since your appointment as chairman and I want to commend you and I want to say that we appreciate your leadership on behalf of family farm agriculture and rural America.

Mr. DURBIN. Thank you.

Mr. SWENSON. And we look forward to continuing to work with you.

I first want to say that the National Farmers Union is pleased that the administration's proposed budget for 1995 does not recommend any changes in the farm support programs. And I wanted to speak very favorably of that. And this enables me to focus today's comments on a number of other areas which we feel have a higher priority of concern on behalf of our members.

They include funding for the certified agricultural mediation program, funding for crop insurance reform and the Public Law 480 program funding as well as proposed reductions in the REA funding and proposed user fees.

Let me start by saying that National Farmers Union urges at a minimum that $3 million be provided to continue the certified agriculture mediation program. It is operating very successfully in 18 states. It requires a 70/30 federal/state matching funding structure. And it was even cited as an immaculate program by Vice President Gore in his review of government. And even a comprehensive study done on behalf of the Administrative Conference of the United States in 1991 shows that between $3.20 and $5.92 in benefits are returned for each matching dollar that is spent in the certification. And I am glad to report that I think it is also a great success in New Mexico where Congressman Skeen is from, the certified mediation program and service to producers.

National Farmers Union also urges full funding of the administration's budget request for reforming federal crop insurance. My testimony details suggestions on improving the initiative to real federal crop insurance reform and we request your consideration, review, support and help in that effort.

National Farmers Union is opposed to the proposed reduction of 17 percent in the Public Law 480 program as proposed in the administration's budget. Public Law 480 has a clear track record of contributing to world peace, combatting world hunger and at the same time increasing consumption of U.S. agricultural commodities and the establishment of some long-term cash markets for U.S. agricultural commodities because of the effort and the initiative of the Public Law 480 program.

National Farmers Union is concerned that the proposed reductions also in the REA program are not founded at this time and they could even translate into higher utility costs for the sparsely populated rural areas.

The REA program is critical in rural America today to meet not only current needs but the needs of the future in rural development and in having Rural America as a key player in the development of the new information highway system that everyone talks about. And I just think that rural America must play a vital role in the establishment of that information highway.

National Farmers Union is also concerned about the proposed new user fees in the grain and meat inspection program. Let me make it very clear, Mr. Chairman, that we support consumer protection and we support food safety. We want to be sure that when society as a whole is being served and benefits society as a whole contributes the cost. And we are concerned that user fees sometimes go down not passed up the chain especially in the area of grain inspection and meat inspection.

I want to thank you, Mr. Chairman, for the opportunity to present our views and we would be happy to answer any questions you may have.

Mr. DURBIN. Thanks, Mr. Swenson. I particularly appreciate your specificity on changes in the crop insurance program. I share your feeling on it. I do not know if the Ag Committee will be able to act on it this year but I think the concept behind it is sound and I believe the administration is on the right track.

Some of the proposals which you have made regarding crop history and the like I have heard back in Illinois so I know it is a common concern of producers around the country.

I thank you for your testimony today and I am sorry we had to make you wait so long.

Mr. Skeen?

Mr. SKEEN. Thank you, Mr. Chairman.

Mr. Swenson, I do want to welcome you here, too, and tell you that with as few people as we have engaged in the agricultural production in the United States you are a very strong voice and we appreciate you making your feelings known. I know there may be some disagreement among some of us in the agricultural association process but in the main I think what we are interested in is furthering agriculture and keeping this great system of productivity going for as long as we can. And we appreciate your participation. Thank you.

Mr. SWENSON. Thank you.

Mr. DURBIN. Thank you for joining us.

Mr. SWENSON. Thank you.

[The statements follow:]

NATIONAL
FARMERS
UNION

TESTIMONY OF

LELAND H. SWENSON

PRESIDENT, NATIONAL FARMERS UNION

ON FISCAL YEAR 1995 BUDGET PRIORITIES

BEFORE THE HOUSE APPROPRIATIONS COMMITTEE,
SUBCOMMITTEE ON AGRICULTURE

APRIL 19, 1994

600 Maryland Avenue, S.W. • Suite 202W • Washington, D.C. 20024 • Phone (202) 554-1600

Mr. Chairman and Members of the Subcommittee. My name is Leland Swenson and I am President of the National Farmers Union. The 253,000 farm family members of our organization appreciate the opportunity to appear before you today to discuss our concerns in regard to FY 1995 funding.

Today is the first time NFU has presented testimony before this Subcommittee since you became Chairman, Mr. Durbin. As such, on behalf of our membership, I want to commend you for the leadership you have shown to agriculture and rural America as Chairman during the past year.

NFU is aware that tight budgets, particularly the "hard freeze" on discretionary spending with which we are dealing this year, makes for many hard choices by Members of Congress in general and Appropriations Subcommittees in particular.

We thank this Subcommittee for its thoughtful consideration of numerous priorities as many tough decisions are made in the coming weeks.

In reviewing the Administration's FY 1995 Budget Request, we were pleased that there were no proposals for further changes or cuts in farm programs.

In 1991, the most recent year for which figures are available, the U.S. Department of Agriculture estimated that family farm income derived from farming averaged less than $4,000 per family. National Farmers Union's priorities reflect our commitment to the goal of improving net farm income as the first and most important step in sustaining the family farm system of agriculture, providing a safe and abundant food supply for consumers and revitalizing rural America.

My comments to you today focus on spending in areas of particular concern to NFU members -- **(1) the Certified Agriculture Mediation Program; (2) crop insurance reform; (3) P.L. 480; (4) user fees, and (5) Rural Electrification Administration programs.**

1. **Certified Agriculture Mediation Program** -- Since it was first created by the Agricultural Credit Act of 1987, National Farmers Union has been a supporter of the Certified Agriculture Mediation Program, now operated in 18 states. In fact, members of our organization proudly believe we were instrumental in adding this new borrowers' rights section to law.

Consequently, NFU was disappointed by the FY 1995 budget proposal which completely eliminated funding for these state matching grants.

Mediation helps provide farmers and ranchers with access to financial and related services necessary to restructure existing indebtedness in a manner satisfactory to both the borrower and the lender. It has played an important role in helping many family farmers and ranchers remain on the land.

Agriculture mediation has been cited by Vice President Gore's Report of the National Performance Review as one program which agencies throughout the federal government should emulate.

Comparisons of data show a continuing decrease in the percentage of dollars in Farmers Home Administration (FmHA) loans which are in delinquency in those states which operate certified mediation programs. A comprehensive study done on behalf of the Administrative Conference of the United States in 1991 showed, based on calculations done by FmHA, that between $3.20 and $5.92 in benefits are returned for each matching federal dollar provided to operate this program. Currently funds are available on a 70-30 federal-state matching basis.

Mediation directors in Midwest states severely hit by disasters last year anticipate that the need for the program will increase this year. In addition, the moratorium on FmHA foreclosures now has been lifted by Secretary Espy. It is our understanding that this could result in as many as 12,000 foreclosure notices being sent in the next few months.

We urge that, at a minimum, $3 million be provided to continue this program in FY 1995.

2. **Crop Insurance** -- National Farmers Union urges the Subcommittee to fully fund the Administration's budget request for reforming federal crop insurance. Doing so will result in savings in the agriculture spending function of between $750 million and $1 billion over the next five years, depending upon whether CBO or OMB numbers are used in adjusting from the baseline.

We support the goal of improving actuarial soundness. NFU believes that crop insurance participation will increase by improving the coverage available to producers.

Our members support crop insurance reform which will provide catastrophic coverage as a benefit of participation in commodity programs or FmHA lending programs. We support allowing producers to base yield coverage on actual production history (APH); offering producers assistance to purchase coverage above the catastrophic level, and offering coverage for late or prevented plantings.

In addition, we call on Congress and this Subcommittee to take the following steps in reforming the program:

1. maintain the 50% deductible on catastrophic cover, but increase the proposed 60% level to 100% of the expected market price;

2. allow producers to exclude disaster years from APH calculations;

3. add an additional level of coverage higher than 75%; base expected price on the higher of the target price or the 5-year rolling average of the 12-month market price;

4. require insurance companies to offer both APH and area yield options to producers, and

5. maintain the Secretary's authority to call for disaster assistance on crops for which crop insurance is not offered.

3. **P.L. 480** - NFU is deeply concerned over the proposed 17% reduction in the P.L. 480 "Food for Peace" program. Since its beginnings in 1954, Food for Peace has lived up to its goal of "increasing the consumption of United States agricultural commodities in foreign countries and improving foreign relations of the United States."

Food for Peace is a program which truly expresses the goodwill of the American people. Our farmers support the program not only because it purchases U.S. grown commodities, but because they believe it plays a critical role in contributing to world peace and combating world hunger.

P.L. 480 strengthens economies both here and abroad. Nearly all of the funds are spent here in the United States to purchase and process U.S. grown agricultural commodities and provide transportation and related services. Some countries, including Korea, Egypt and Taiwan, which were once recipients of P.L. 480, now are among our best cash customers for farm goods.

We ask that this Subcommittee restore funds for P.L. 480 to FY 1994 program levels of $1.5 billion.

4. **User Fees** -- NFU asks that this Subcommittee very carefully scrutinize that portion of the FY 1995 Budget Request which proposes collecting new user fees to pay for grain and meat inspections, cover the costs of developing and revising grain standards and all costs associated with the administration of the Packers and Stockyards Act. As proposed, new fees would total over $125 million in these areas in FY 1995.

Our membership strongly believes that the concept of user fees is a regressive one. When society as a whole benefits by government maintenance of these services, it is unfair for the costs to be placed solely on the backs of producers. As with most of these types of proposals, the increased costs eventually find their way back to the producers and ultimately come out of their pockets, rather than being passed up the chain.

With farm income at low levels, any additional overhead expenses are particularly troublesome to agriculture producers and could make the difference as to whether they are able to remain in farming.

5. **Rural Electrification Administration (REA) reductions** -- At the same time in which concerted efforts are being made to emphasize the importance of rural development, our membership is puzzled by the proposed reductions in REA, and believe that these cuts could ultimately be reflected in even higher utility costs for citizens in sparsely populated rural areas.

Already, by and large, rural communities compete with an inherent disadvantage in the acquisition of new business and development and expansion of existing local businesses. Many rural communities continue to confront outmigration as well as reduced economic activity.

Rural electric systems provide a vital infrastructure component in rural America. Their agenda includes much more than providing electricity. It also involves community development and other types of utility services such as water and waste water treatment, telecommunications, housing, and other critical services.

REA funding will be crucial in the future in order for rural areas to have fair access to the new telecommunications "information highway." Already, rural electric systems have been providing modern satellite television programming for thousands of rural Americans unable to receive cable television.

The REA program also is important because it provides much needed jobs in rural areas. The National Rural Electric Cooperatives Association (NRECA) has compiled figures showing that for every million dollars of REA loans it receives, 51 full-time jobs are created in rural communities, about half of them in construction and the remainder in goods and services purchased by electric utilities.

Rural residents justifiably are concerned over the reduced budget request for REA, particularly after the agreements which were struck last year in H.R. 3123, "The Rural Electrification Loan Restructuring Act of 1993." NFU joined NRECA in working toward this successful effort to restructure REA lending programs as part of the Administration's five-year deficit reduction plan. Changes in the REA program resulted in a 43% reduction in federal government costs.

The Administration's budget request fails to recognize this agreement made last year between Congress and rural electric borrowers. It calls for REA electric insured loan levels to remain the same as last year, $725 million, but with sharply reduced subsidies. The budget recommends slashing fixed-rate 5% REA hardship insured loans from $125 million to $25 million, and cutting municipal rate insured loans from $600 million to $200 million.

And, very importantly, the FY 1995 Budget Request proposes significant cuts in the REA Distance Learning and Medical Link Program. These monies are needed to continue expansion of fiber optic networks and other "up links" for education and health care institutions in rural areas.

We join in asking the Subcommittee to restore REA funding levels to comply with the agreements made last year in H.R. 3123.

In closing, on behalf of National Farmers Union, I urge you to consider funding these priority programs for FY 1995. Again, I thank you for this opportunity to present our concerns and would be happy to answer any questions.

PM-10 CLEAN AIR STUDY

WITNESS

HON. RICHARD LEHMAN, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF CALIFORNIA

Mr. DURBIN. From California, the Honorable Rick Lehman.

Mr. LEHMAN. Mr. Chairman, thank you for the opportunity to be here today. Mr. Skeen.

My request before the subcommittee is for $2 million to continue a vital clean air study in the central valley of California relating to the particulate matter PM10. I have asked this of the Agriculture Committee because the ag community in the San Joaquin Valley and across the country has a vested interest in how PM10 clean air regulations are attained.

Last year, as a direct result of your leadership and this committee staff's willingness to understand the study, $1 million, of which half was shared with a study in Washington State, was appropriated from the USDA budget.

In 1992, Congressman Fazio and I were successful in obtaining $1.4 million from the EPA budget for this study.

I would like to emphasize that this study has broad based support from federal, state, local governments, private industry, public and other organizations, including contributions.

Its importance cannot be overemphasized. The San Joaquin Valley and surrounding regions exceed both the national and state standards for PM10. This adverse air quality has the potential to cause health impacts to more than 3 million people living in the region, reduce visibility and impact our quality of life.

The 1990 Federal Clean Air Act amendments require that the San Joaquin Valley attain the federal PM10 standards by December 13, 2001. There are many gaps in our current understanding of the amount each source contributes to the overall problem. This impacts agriculture with regard to tilling practices, off-road use and storage.

Without an understanding of who contributes to the problem and how much they contribute, we cannot accurately assign mitigation measures and risk unfairly distributing the burden among the different industries without really solving the problem.

The San Joaquin PM study will provide that information. At the same time, it will also serve as a model for studies in other areas of the country that experience similar problems. I have outlined the long-term costs in my written statement. I just want to point out that the continued success of the study is dependent upon the degree of federal commitment it receives. EPA alone cannot provide the necessary funding nor should the Federal Government. Both state and private dollars are expected to be contributed as well. Private industry, including the agricultural community, is expected to contribute $5.5 million over the next five years for this study.

Consequently, I respectfully request that an appropriation of $2 million be included in this year's rural development ag and related agencies appropriation. That request is in support of myself and your esteemed colleague, Vic Fazio.

Mr. Chairman, I greatly appreciate your consideration and that of your colleagues for this request and I would be happy to supply any additional information.

Mr. DURBIN. Thanks, Mr. Lehman. This is an unusual request but I think you made a good strong case last year of the agricultural relevance of this study and we were happy to help you.

Mr. LEHMAN. We just want to make sure, Mr. Chairman, I appreciate that, that they do not in 2001, if we are not in compliance, they just do not round up all the farmers and put them out of business as a means of solving this problem. And we think if we address the problem up front like this we will get the real answers and be able to deal with it.

Mr. DURBIN. Well, we thank you for your leadership on that.

Mr. Skeen?

Mr. SKEEN. Add my thanks to you, too. I appreciate your testimony.

Mr. LEHMAN. Thank you, Joe.

[The statement follows:]

STATEMENT BY RICHARD H. LEHMAN
TO
THE HOUSE APPROPRIATIONS SUBCOMMITTEE
ON
RURAL DEVELOPMENT, AGRICULTURE, AND RELATED AGENCIES

SAN JOAQUIN VALLEY PM10 CLEAN AIR STUDY
April 19, 1994

MR. CHAIRMAN: I appreciate this opportunity to express my support for $2 million in funding from the Rural Development, Agriculture, and Related Agencies Appropriations bill in fiscal year 1995 for the PM10 Clean Air Study currently underway in the San Joaquin Valley of California.

This study is a cooperative partnership between federal, state, and local government, private industry, public, and other organizations. It is requested that the $2 million be earmarked under the appropriate fund category within the U.S. Department of Agriculture budget. An additional $2 million is being requested from the appropriations allocated for the U.S. Environmental Protection Agency.

Phase I of the PM10 Emission Inventory in Agriculture in California has already been completed through a $250,000 grant provided by EPA in 1990. $1.4 million was allocated in the 1993 VA-HUD-Independent Agencies bill and last year, as a result of your leadership, the 1994 Rural Development, Agriculture, and Related Agencies Appropriations bill included $1 million dollars, 50% of which was shared with a study in the state of Washington, to continue the study.

The importance of this air study to California's Central Valley cannot be over-emphasized. As you may learn from the previous ozone study funded for $3 million in the Fiscal Year 1989 and 1990 VA-HUD-Independent Agencies bill, the Valley has a number of problems associated with air pollution, many of which are attributed to the long-range transport of pollutants within the Valley's air basin.

The San Joaquin Valley and surrounding regions exceed both the national and state standards for small particulate matter (PM10). This adverse air quality has the potential to cause health impacts to the more than 3 million people living in the region, reduce visibility, and impact the quality of life.

The 1990 federal Clean Air Act Amendments require that the San Joaquin Valley attain the federal PM10 standards by December 31, 2001. Attainment of the standards will require effective and equitable distribution of controls among sources. The agricultural community, as a potential contributor to PM10, has a vested interest in ascertaining how best these standards can be met. There are many gaps in our current understanding of the amount each source contributes to the overall problem. This lack of understanding severely hinders development of an effective attainment plan and development of effective control measures.

The San Joaquin PM10 study will provide such information. At the same time, it will serve as a model for studies in other areas of the country that experience similar problems and provide improved methods and tools for monitoring, emission estimation, and effective control strategy development.

Preliminary scoping costs are anticipated at $23.5 million over a five year period. Of this, one half or $11.75 million ($2.34 million per year) would be borne by the federal government, and one half through a combination of private industry or other state or local sources. The federal half is critical, however, since much of the non-federal share is comprised of matching monies contingent upon a federal financial commitment to the project.

Consequently, I respectfully request that an appropriation of $2 million be included in this year's Rural Development, Agriculture, and Related Agencies appropriation. The remaining balance will be allocated from the EPA, DOE, DOD, BLM, and other federal agencies budgets in the future and will be phased in over the five year project life.

This request has the support of myself and your esteemed colleague on the Appropriations Committee, Congressman Vic Fazio. Local industry, which include agriculture, the building and construction sector, and petroleum industries, is prepared to contribute a total of $5.475 million over the five year period.

Mr. Chairman, I greatly appreciate your consideration and that of your subcommittee colleagues of this request. I would be happy to provide any additional information which might be useful to you.

STATEMENT OF THE CALIFORNIA INDUSTRY AND GOVERNMENT COALITION ON PM-10

SUBMITTED TO THE

APPROPRIATIONS SUBCOMMITTEE ON
AGRICULTURE, RURAL DEVELOPMENT AND RELATED AGENCIES

STATES HOUSE OF REPRESENTATIVES

BY

JAMES D. BOYD - EXECUTIVE OFFICER
CALIFORNIA AIR RESOURCES BOARD

PAULINE LARWOOD - SUPERVISOR
SAN JOAQUIN VALLEY UNIFIED
AIR POLLUTION CONTROL DISTRICT

MANUEL CUNHA, JR. - EXECUTIVE VICE PRESIDENT
NISEI FARMERS LEAGUE

LES CLARK - VICE PRESIDENT
INDEPENDENT OIL PRODUCERS' AGENCY

CATHERINE H. REHEIS - MANAGING COORDINATOR
WESTERN STATES PETROLEUM ASSOCIATION

APRIL 12, 1994

Mr. Chairman and Members of the Subcommittee:

On behalf of the California Industry and Government Coalition on PM-10, we are pleased to submit this statement for the record in support of our fiscal year 1995 funding request of $2 million for the California San Joaquin Valley Region PM-10 Air Quality Study.

The San Joaquin Valley of California and surrounding regions exceed both state and federal clean air standards for small particulate matter, designated PM-10. The 1990 federal Clean Air Act Amendments require these areas to attain federal PM-10 standards by December 31, 2001. Attainment of these standards requires effective and equitable distribution of pollution controls that cannot be determined without a major study of this issue.

According to EPA and the California Air Resources Board, existing research data show that air quality caused by the PM-10 problem has the potential to threaten the health of more than 3 million people living in the region, reduce visibility, and impact negatively on the quality of life. Significantly, agriculture not only stands to lose if this problem is not adequately addressed, it also happens to be only one of the many sources of this form of pollution. Unless the causes, effects and problems associated with PM-10 are better addressed and understood, agriculture will suffer due to production and transportation problems, diminishing natural resources, and increasing costs of fighting a problem that begs for a soundly researched solution.

PM-10 problems stem from a variety of industry and other sources, and they are a significant problem in the agricultural areas that are characteristic of much of California. Typical PM-10 sources in agriculture are dust stirred up by vehicles on unpaved roads, and dirt loosened and carried by wind during cultivation of agricultural land. Soil erosion through wind and other agents also leads to aggravation of PM-10 air pollution problems.

The agricultural portion of the study will be developing specific types of information, tools and techniques needed to develop an inventory and the management practices that will most likely be part of the control strategies. They are: 1) validate method or methods for accurately measuring fugitive PM-10 emission rates from an individual site or operation; 2) a method to easily and quickly estimate PM-10 emissions; 3) an accurate inventory of fugitive PM-10 dust sources by individual farming operations; 4) validated (field tested) best management practices; 5) a clear understanding of significant factors that effect PM-10 emissions; and 6) a workable, validated model or models for predicting PM-10 emission, based on operational parameters.

The primary focus of the short term objectives is on those soils, practices, and conditions, presumed to have the highest PM-10 emissions. Priority for this work will be focused on the following situations, practices, and crops within the study area.

Almond Harvest

Preparation for harvest
Shaking Trees
Windrowing
Picking up nuts
Ambient conditions before and after

Cotton Harvest

Harvesting - lst and 2nd picking
Shredding of stalks
Stalk incorporation
Ambient conditions before and after

Fall / Spring Land Preparation

Deep tillage
Discing
Land planning
Bed formation
Ambient conditions before and after

Land Leveling

Appropriate practices

The importance of this study on PM-10 is underscored by the need for more information on how the federal Clean Air Act Amendments standards can be met effectively by the agricultural community and other sectors of the business community, as well as by agencies of federal, state and local government whose activities contribute to the problem, and who are subject to the requirements of Title V of the Clean Air Act. There is a void in our current understanding of the amount and impact each source of PM-10 actually contributes to the overall problem. Without a better understanding and more information -- which this study would provide -- agriculture and other sectors will be unable to develop an effective attainment plan and control measures.

Agriculture wants to be a part of the effort to solve this ma or problem, but to do so, we need federal assistance to support research and efforts to deal effectively with what is essentially an unfunded federal mandate.

Agriculture and industry, in concert with the State of California and local governmental entities, are attempting to do our part, and we come to the appropriations process to request assistance in obtaining a fair federal share of financial support for this important research effort. In 1990, our coalition joined forces to undertake a study essential to the development of an effective attainment plan and effective control measures for the San Joaquin Valley of California. This unique cooperative partnership involving state and local government, as well as private industry, has raised more than $2 million to date to fund research and planning for a comprehensive PM-10 air quality study. Our cooperative effort on this issue continues, and private industry and state and local governments have committed to raise $7.7 million over the next four years to fund part of this important study.

To date, this study project has also benefitted from federal funding provided through USDA's and EPA's budgets. In fiscal year 1992, $330,000 was provided through an EPA grant. In fiscal year 1993, $1.4 million was appropriated for the study through EPA's annual appropriation. And, in fiscal year 1994, $1 million was appropriated for PM-10 research through USDA's budget (although half was diverted from the California project to Washington State.)

The following is a list of PM-10 research projects which have been conceived, funded and conducted by the San Joaquin Valley:

- $500,00 Chemical Mass Balance and Source Receptor analysis for one year of PM-10 data funded by Industry/Local, State, and Federal partnership - San Joaquin Valley Air Quality Study (SJVAQS)
- $150,000 Emission Source Characterization Study (SJVAQS)
- $600,000 PM-10 monitoring during ozone episode field study paid for by special contribution from utilities - Atmospheric utility Signatures, Predictions, and Experiments (AUSPEX)
- $70,000 Planning for regional PM-10 studies (SJVAQS/AUSPEX Regional Modeling Adaptation Projects (SARMAP))
- MORE THAN $250,000 for PM-10 Unpaved Roads and Agricultural studies. Conducted by University of California at Davis funded by U.S. EPA Region IX, which additional funds used to pay Midwest Research Institute for subcontracted work.

For fiscal year 1995, our coalition is seeking $2 million in federal funding through the U.S. Department of Agriculture to support the continuation of this vital study in California. We respectfully request that the Appropriations Subcommittee on Agriculture, Rural Development and Related Agencies provide this additional amount in the USDA appropriation for fiscal year 1995, and that report language be included directing the full amount for California.

The San Joaquin Valley PM-10 study will not only provide this vital information for a region identified as having particularly acute PM-10 problems, it will also serve as a model for other agricultural regions of the country that are experiencing similar problems. The results of this study will provide improved methods and too!s for air quality monitoring, emission estimations, and effective control strategies nationwide.

The Coalition appreciates the Subcommittee's consideration of this request for a fiscal year 1995 appropriation of $2 million for USDA to support the San Joaquin Valley Region PM-10 Air Quality Study.

AGRICULTURAL MEDIATION SERVICE

WITNESSES

HON. EARL POMEROY, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NORTH DAKOTA

ROGER JOHNSON, ADMINISTRATOR, NORTH DAKOTA AGRICULTURAL MEDIATION SERVICE

BILL SEALBACH, NEW MEXICO AGRICULTURAL MEDIATION PROGRAM

Mr. DURBIN. Mr. Pomeroy.

Mr. POMEROY. Thank you, Mr. Chairman. I intend to say a comment or two about the funding of ag mediation and I am very proud to introduce Roger Johnson, the Vice Chair of the Coalition of Agricultural Mediation Programs. He is also joined by Bill Sealbach of the New Mexico Ag Mediation program.

As you know, Mr. Chairman, farmers who participate in the farm program increasingly see new and additional requirements extracted in consideration of their farm program participation.

Over the last few years since 1987, a mediation avenue for the resolution of disputes between the USDA and farmers has proven to be extremely successful. As was mentioned earlier in the Farmers Union's testimony, it is estimated savings to the USDA to the tune of $3.00 to $5.00 for every dollar expended. To tell you more about the program, I would now proudly introduce Roger Johnson from North Dakota who has run an exemplary program in our state.

Mr. DURBIN. Welcome.

Mr. JOHNSON. Thank you, Congressman Pomeroy and Mr. Chairman.

I intend to just very briefly summarize my comments on behalf of Sarah Vogel, who is the Commissioner of Agriculture in North Dakota and who is my immediate boss so that I might be able to yield a couple of minutes of my time to my colleague, Mr. Sealbach from New Mexico, if that is okay.

And while I will summarize this, I would ask that the entire statement would be printed in the record.

Mr. DURBIN. Without objection.

Mr. JOHNSON. Mr. Chairman, I am here as Congressman Pomeroy suggested earlier both as a representative of the North Dakota mediation program and also as a vice chair of the Coalition of Ag Mediation Programs around the country. We have 18 states that are certified by USDA to provide mediation programs in ag credit areas and I am here to support a $4 million appropriation to the mediation grant line item in the USDA budget.

These funds have been used to date to process over 30,000 cases since 1987 which represents about 50 percent of the delinquent borrowers nationwide within Farmers Home Administration.

The North Dakota program, and details on it are provided through a number of exhibits that I have attached to my testimony and rather than to go through them I would just point them out.

The first exhibit gives sort of a historical perspective of our program. The second one is a brochure which describes some of the information that we use for public information purposes for our program. I also included a copy of our mediation procedure to give you some background on what the information is that we try to bring to the table. I provided a graph showing the number of clients we have worked with over the years and also an exhibit displaying the number of cases we have dealt with by three primary creditors and how the conclusions to those cases have been arrived at, the number of cases where we have reached agreement and so forth.

Mediation is often viewed as an extension of negotiation involving the intervention of a neutral third party. There is never a forced decision as a part of mediation and that is real important. As such, mediation agreements are generally longer lasting and more satisfying to the parties. Mediation resolves disputes much faster and for a lot less money than other forms of dispute resolution.

There are a number of reasons why I believe the mediation funding ought to be restored and if I could summarize real quickly, the first one is that these programs have worked nationwide to prevent a number of farm suicides. It has actually saved lives by tending to prevent that atmospheres that are often conducive to violence as you get into some of these very emotional disputes that we frequently deal with.

Secondly, it promotes community harmony and decreases conflict.

Thirdly, it results in longer lasting and more satisfactory solutions, solutions which are adhered to more often than other forms of resolving problems. In fact, studies have shown that mediation agreements are generally adhered to more than twice as frequently as court ordered results.

It is cost effective, it is quick, it is private, it allows farmers to maintain their self dignity and it works. In about two-thirds of the time, we get agreements that thereby prevent the need for formal appeals or litigation and frequently in cases where the only alternative a farmer or creditor was facing before mediation was offered was either a foreclosure or a bankruptcy.

And, lastly, a very important component of it, I think mediation really ought to be funded and ought to be expanded to be a part of the new USDA when it is reorganized.

I hope you will do what you can to restore $4 million to the federal budget for mediation. Many of these programs in the other states would likely not survive the elimination of these federal matching funds.

And I would yield the balance of my time to Mr. Sealbach.

Mr. SEALBACH. Mr. Chairman and distinguished members of the subcommittee, I appreciate the opportunity to testify for a $4 million appropriation for state loan mediation programs. State loan mediation programs were established by the 1987 Agricultural Credit Act. The New Mexico agricultural loan mediation program is a statewide program to assist agricultural producers and their creditors in resolving distressed and delinquent loan situations.

Our program is a USDA certified state loan mediation program that has been authorized by the New Mexico Secretary of Agriculture to provide mediation services on agricultural loan disputes in the state of New Mexico.

The program is administered by the cooperative extension service at the New Mexico State University. Since its inception of this program in 1989, we have worked with New Mexico farmers and ranchers to reach a settlement that was mutually agreeable to the borrowers and the creditors.

New Mexico utilizes trained voluntary mediators to mediate borrower-creditor disputes. The mediator is impartial, knowledgeable about mediation processes and familiar with agriculture and agricultural credit problems. Mediators are assigned on a case-by-case basis and must be accepted by all parties.

Cases mediated by the New Mexico agricultural loan mediators have resulted in mutually agreeable solutions approximately 90 percent of the time. Our program has been supported by federal matching grant funds and in-kind contributions by New Mexico State University.

Nationally, there are 18 states that share in annual appropriations from the Farm Home Administration state mediation grant program which was funded at a $3 million level this year. However, this program has been slated as one of the 115 programs which the administration intends to eliminate in the fiscal 1995 budget.

If federal funds are not appropriated for the coming year, there is absolutely no way that our program or the programs in most of the other 17 states can continue to provide assistance to agricultural borrowers and their creditors.

I would urge you to support restoration of the funding for the state loan mediation programs for the fiscal year of 1995. While we are all aware of the critical need to reduce the budget deficit, elimination of funding for the state loan mediation programs will increase the deficit, not reduce it.

A study by Texas Tech University of cases resolved by the Texas dispute resolution project in Texas indicate an estimated return to the Federal Government of $5.59 for each dollar in federal grant funds spent in providing mediation service. When comparing estimated benefits to the creditors to the cost of mediation services, a benefit cost ratio of $4.33 was estimated.

In other words, creditors receive an estimated $4.33 in benefits for every dollar spent in providing mediation services. Thus it seems likely that an elimination of the $4 million in funding for the 18 state loan mediation programs could ultimately cost the taxpayers a return of over $22 million in lost benefits. The net effect of this decision would be a $16 million increase in the budget deficit, not a $4 million decrease.

Mr. DURBIN. Mr. Sealbach, excuse me. We are going to make your entire statement a matter of record here and before we run out of time, I wanted Mr. Skeen from New Mexico to have a chance to ask a question perhaps about your state program so it is a matter of record here.

Mr. DURBIN. Mr. Skeen.

Mr. SKEEN. Thank you, Mr. Chairman.

Mr. Sealbach, we appreciate you being here and the folks that have testified on this mediation program. It is an 18-state program. What do they use in other states? What makes these 18 different from rest?

Mr. SEALBACH. Roger?

Mr. JOHNSON. Yes. I might be able to respond to that, Mr. Skeen. The states that do not have certified mediation programs are required to offer what is called a voluntary meeting of creditors by Farmers Home. And in those cases, the Farmers Home Administration is required to contract——

Mr. SKEEN. So they are contracted out.

Mr. JOHNSON. They contract it out and pay the full costs.

Mr. SKEEN. So they do not set up any mechanism as you are authorized to do under this particular bill.

Mr. JOHNSON. That is right.

Mr. SKEEN. I am sorry to be asking you these basic questions but we are trying to get a clear idea of the differences that we have in some of these agricultural communities. It is always a wonder how these systems evolve. I was particularly interested in how we got only 18 states.

How many cases are involved totally?

Mr. JOHNSON. That have been mediated?

Mr. SKEEN. That have been mediated.

Mr. JOHNSON. About 30,000 since 1987 in the 18 states.

Mr. SKEEN. Thirty thousand?

Mr. JOHNSON. Yes.

Mr. SKEEN. Ninety percent of them, you said, Mr. Sealbach——

Mr. SEALBACH. The ones in New Mexico, we are at 90 percent.

Mr. SKEEN. What is the overall percentage?

Mr. JOHNSON. I would guess the overall percentage is around two-thirds.

Mr. SKEEN. Two-thirds?

Mr. JOHNSON. It ranges from the upper 40s to about 90 percent, depending on the state.

Mr. SKEEN. So you have a very good record on mediation.

Mr. JOHNSON. Yes.

Mr. SKEEN. Well, I wanted to say I appreciate the program and what you have given to it and we will do the best we can to see if we cannot get some funding for this program but you know what the situation is. We think it has worked well.

Are you on this mediation board?

Mr. SEALBACH. I am a mediator.

Mr. SKEEN. You are a mediator?

Mr. SEALBACH. Yes, sir.

Mr. SKEEN. I figured you were. Both of you? Roger?

Mr. JOHNSON. Yes. I administer the program in North Dakota.

Mr. SKEEN. Are you the administrator?

Mr. SEALBACH. No. Patrick Sullivan is.

Mr. SKEEN. Okay. Fine.

Mr. POMEROY. Mr. Sullivan is here, Mr. Skeen.

Would you raise your hand? Also from New Mexico.

Mr. DURBIN. His name is all over the record. We want to make sure we know who he is.

Mr. SKEEN. We just wanted to make sure that you did not run a ringer in on us. [Laughter.]

Mr. SKEEN. Nice to have you here.

Mr. DURBIN. Thanks for joining us. We appreciate your testimony. Thank you very much.

[The statement follows:

The U. S. House of Representatives

Agriculture, Rural Development, Food and Drug Administration, and
Related Agencies Subcommittee on Appropriations

Testimony
of

L. Roger Johnson, Administrator
North Dakota Agricultural Mediation Service

for
Sarah Vogel, Commissioner
North Dakota Department of Agriculture

5:00 p.m.

April 19, 1994

Room 2362, Hearing Room A
Rayburn House Office Building
Washington, D.C.

Mr. Chairman, members of the committee, my name is L. Roger Johnson, Administrator of the North Dakota Agricultural Mediation Service (AMS). I was hired by and report to the North Dakota Commissioner of Agriculture Sarah Vogel. In addition, I report to the North Dakota Credit Review Board, which, among other duties, establishes policy for the AMS.

I am here today to support a $4 million appropriation to the mediation grant line item in the United States Department of Agriculture.

Ours is one of the 18 USDA certified agricultural mediation programs currently funded at a 70% rate for allowable activities by the federal government through this appropriation. These funds have been used to process over 30,000 cases since 1987. This represents about 50% of the delinquent borrowers nationwide.

THE NORTH DAKOTA PROGRAM

First, I would like to describe North Dakota's Agricultural Mediation program so you get some sense of how we operate and what we do.

The AMS has provided negotiation services to financially distressed farmers and ranchers and their creditors since 1984, when it was established as the Farm Credit Counseling program. In 1989, the program changed its name to the North Dakota Agricultural Mediation Service through legislative action, and we began providing mediation services to the involved parties as well. This change in services resulted from the Federal Agricultural Credit Act of 1987, which requires the Farmers Home Administration (FmHA) and Farm Credit Services (FCS) to use mediation prior to foreclosing on delinquent farm loans. In 1991, our state legislature expanded the services we provide to include mediation of any dispute involving farmers.

Our objective is to provide a fair, realistic, and timely dispute resolution service to North Dakota's farmers and ranchers, who are experiencing financial difficulty, and to their creditors and others. Our purpose is to assist farmers and creditors and others in reaching mutually agreeable solutions to their problems and, in so doing, avoid costly and divisive litigation through foreclosures, bankruptcies, etc.

I have attached, as Exhibit 1, a copy of the Ag Mediation Newsletter, December 91, which gives some historical perspective as to how we came into being and describes significant changes in our program over the years. Also attached, as Exhibit 2, is a brochure we use for public information purposes. It describes the services we currently provide.

In North Dakota, mediation is a voluntary process for all farmers and for most creditors. It is mandatory for FmHA and FCS. The Bank of North Dakota (BND) by policy also requests mediation on their delinquent loans in an effort to avoid foreclosure. I have attached, as Exhibit 3, a copy of our formal mediation procedure.

Exhibit 4 is a graph showing the number of total (and new) farmer clients our North Dakota program has worked with each year since 1984. As you can see, our client load peaked in 1989, then declined and has been relatively stable for the past three years at about 1,200 farmer clients per year, with about one-half of them being new clients each year.

Exhibit 5 details the number of North Dakota mediation requests received from creditors, the number of cases mediated, and the agreement rates reached each year since 1989 by creditor (FmHA, FCS, and BND).

WHAT IS MEDIATION AND WHY DOES IT WORK?

Mediation is often viewed as an extension of negotiation involving the intervention of a neutral third party. It always involves a voluntary solution, if any, since the parties to the dispute retain all decision making authority. The mediator is trained in the problem solving process, but has no authority to impose a solution on the parties.

Mediation may be mandatory or voluntary only as to the use of the process, but not as to outcome. There is never a forced decision as a part of mediation. If no agreement is reached between the parties, they are each free to pursue legal remedies, including formal appeals. When a decision is reached it is a mutually acceptable decision. As such, mediation agreements are generally longer lasting and more satisfying to the parties.

Mediation has been a very successful process, not only in farm credit disputes, but in many other areas as well. The use of alternative dispute resolution, including mediation, has been increasing throughout our society. Why? Because it works. It resolves disputes faster for less money and with greater levels of satisfaction for the parties than do other more formal methods of dispute resolution, such as appeals or litigation.

These alternatives, by their very nature, must examine specific portions of a problem--where mediation is allowed to deal with all of the problem at hand as well as many attendant issues surrounding the problem. It is a more holistic problem solving process.

Mediation and other forms of alternative dispute resolution, which leave as much of the decision making power in the hands of the disputants as possible, not only works, it is fast becoming the wave of the future. It would be a shame if the federal government opts out by failing to return this funding.

WHY SHOULD YOU FUND THE MEDIATION PROGRAM?

1. *It has saved lives. I am convinced these programs have prevented farm suicides. They also prevent an atmosphere that is conducive to violence. Over the years, a number of law enforcement personnel have told us they are grateful that our program is in operation.*

2. *It promotes community harmony and decreases conflict. The win-win results often achieved via mediation are in stark contrast to the win-lose or lose-lose results so often seen with foreclosures and bankruptcies.*

3. *It results in longer lasting and more satisfactory solutions as viewed by the parties to the process, because the farmers and creditors involved actually arrive at their own solutions. As trained problem solvers, the mediators help the parties come to agreement. They do not impose solutions on the parties.*

4. It is cost effective. In fact, testimony last week before the House Subcommittee on Environment, Credit and Rural Development cited a return to the federal government of $5.59 for each $1 spent in federal grant funds. Eliminating this funding will actually cost the federal government money--will likely directly lead to an increased federal deficit.

5. It is timely. Mediation frequently solves problems within a month or two as contrasted to formal appeals which often take months to conclude or litigation which may go on for years.

6. It is private and allows the farmers to maintain their self dignity. I have seen the humiliation and self doubt which often grips farmers who are unable to pay all their obligations and are seeing their livelihood (in many cases their heritage) slip away from them for reasons beyond their control.

7. It works. In North Dakota we reach agreement between farmers and creditors two-thirds of the time. In many of these cases, the only option remaining for the creditors was foreclosure and the only remaining option for the farmers was bankruptcy.

I hope you will do what you can to restore $4 million to the federal budget for mediation. North Dakota's mediation program, as I'm sure is the case in most of the 18 certified states, would likely not survive the elimination of federal matching funds. This was also attested to last week by my colleagues from Texas, Iowa, Wisconsin, and Kansas.

Finally, I believe Congress and USDA would be very remiss if you do not include mediation as a part of USDA reorganization. It seems likely that a national appeals division will be a part of the reorganized USDA. I support that. But I am also convinced that mediation should be included as a precedent part of appeals.

A national appeals division that includes mediation at the front end will cost the federal government far less than a national appeals division that does not.

I would be pleased to respond to any questions you may have.

Thank you.

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EXHIBIT 1

Ag Mediation News

Vol. 1, No. 1 December, 1991

A HISTORICAL PERSPECTIVE

For those of you who are unfamiliar with the North Dakota Agricultural Mediation Service and its origins, the following two paragraphs, taken from Innovations in State and Local Government, April 1986, give a brief history.

Thousands of North Dakota farmers faced financial problems in the spring of 1984. State officials responded with an emergency program to help farmers secure spring farm operating loans. The Farm Credit Counseling Program was created by the State Industrial Commission on March 26, 1984, and was authorized to operate through May 30, 1984.

Due to unanticipated demand for program services and the need for services that went beyond purely financial counseling, the program was re-authorized by the Commission and continued to operate as an emergency program until March 29, 1985. In 1985, the legislature appropriated $460,000 to fund the program through June 30, 1987.

Program usage increased as more troubled farmers became aware of the help they could get through the Farm Credit Counseling (FCC) program. One year into the biennium, FCC funding was depleted, and farmers and ranchers continued to ask for help in growing numbers due to drought, poor prices, and a more detailed loan application procedure required by FmHA and FCS.

In August 1986, the Credit Review Board (CRB), which had been established by the 1985 Legislature, offered to fund FCC until the end of the biennium. The FCC program was placed under the guidance of the CRB and continued to function within the law and policy governing the board.

The 1987 Legislature officially merged the FCC program with the CRB and a revised structure was implemented; the board provided funding and policy for the FCC program, which was administered by the Department of Agriculture.

FCC NAME CHANGE

In 1989, the program's name was changed to the North Dakota Agricultural Mediation Service through legislative action and the program began providing mediation services to farmers/ranchers and their creditors. The change in services resulted from need and from the Federal Agricultural Credit Act of 1987, which requires FmHA and FCS to allow debt restructuring and other debt settlement options when settlement is cheaper to the creditor than foreclosing.

North Dakota Commissioner of Agriculture Sarah Vogel says, "the objective of the NDAMS is to provide a fair, realistic, and timely dispute resolution service to North Dakota's farmers and ranchers, who are experiencing financial difficulty, and to their creditors." Adds NDAMS Administrator L. Roger Johnson, "our objective is to assist farmers and creditors in reaching mutually agreeable solutions to their problems, and to therefore avoid costly and divisive litigation through foreclosure, bankruptcies, etc."

The NDAMS attempts to accomplish its objective by providing two types of services - negotiation and mediation.

NEGOTIATION

Negotiation assistance has been provided to approximately 6,500 financially stressed farmers and ranchers and to their creditors, both secured and unsecured, since 1984. The program's peak thus far was in 1989 when 2,577 clients were assisted, 1,240 of whom were new to the program.

Ag Mediation News is published by the North Dakota Agricultural Mediation Service, a division of the North Dakota Department of Agriculture, 600 E. Boulevard Ave., Sixth Floor, Bismarck, ND 58505-0020.

Sarah Vogel
Commissioner
L. Roger Johnson
Administrator
Jet Collins
Ted Quanrud *Editors*

The mediation service employs 29 negotiators and 5 senior negotiators on a temporary part-time basis. The senior negotiators supervise negotiators who are located throughout the state.

To request assistance, farmers and ranchers may call the NDAMS hotline at 1-800-642-4752. A negotiator is assigned to contact the farmer/rancher directly to set up an appointment. All information received is kept strictly confidential.

Negotiators can help farmers/ranchers with ag loan questions, and they can help prepare financial statements, cash flow statements, and loan applications. More importantly, negotiators can help farmers and ranchers assess their alternatives and assist with negotiations between farmers/ ranchers and their creditors.

MEDIATION

Mediation was first offered through the NDAMS beginning in January of 1989. Mediation in North Dakota is a voluntary process for all farmers and for most creditors. It is mandatory for FmHA and FCS pursuant to the Federal Agricultural Credit Act of 1987. The Bank of North Dakota by policy also requests mediation on their delinquent loans to avoid foreclosure.

Johnson said that there were 3,182 requests for mediation from January, 1989, through September, 1991; 1,353 cases have been mediated with agreements reached an average of 67 percent of the time.

RECENT CHANGES

The 1991 Legislature enacted several changes to the law governing the NDAMS.

Those changes provide for:

- A new definition of "farmer", (A farmer is now defined as a person who is or was involved in the production of an agricultural commodity or livestock.)
- Mediation between farmers and persons or entities other than creditors, (This allows the NDAMS to work with farmers having disputes with persons or entities other than creditors. This could include areas such as landlord/tenant disputes, seed or other product disputes, ASCS or other government agency disputes, etc.)
- Extension of the program's sunset to June 30, 1993.
- Any information gathered in the course of any mediation can only be released upon written consent of all parties or pursuant to a court order. (An inherent component of mediation, in any area, is the guaranteed confidentiality of what is said at the mediation table.)

EVALUATION BY NDSU

North Dakota State University conducted a study of the NDAMS in September 1990 for the purpose of evaluating the service. Evaluation criteria centered on mediation mechanics and concept as viewed by program participants.

A survey of both borrowers and creditors involved in mediation provided the basis for determining the effectiveness of mediation service delivery, identifying borrower and creditor expectations of mediation, determining borrower and creditor motives for mediation participation, and eliciting suggestions for improvements in mediation service delivery.

According to the study, Evaluation of North Dakota's Agricultural Mediation Service:

Mediation as administered by the North Dakota Agricultural Mediation Service is an effective mechanism in solving financial problems among farm borrowers and their creditors. Borrowers in particular and creditors in general support the mediation concept and feel mediators and negotiators trained by the Mediation Service are effective in their roles in the mediation process. Mediation appears to be a viable option available to borrowers and creditors to resolve financial disputes.

SOME IMPROVEMENTS

The NDSU researchers made several recommendations for improving the delivery of mediation services. Some have been implemented, such as providing more extensive documentation of mediation sessions, setting definite time intervals, and developing a follow-up mechanism.

CREDIT REVIEW BOARD

The three-member Credit Review Board was established by the 1985 Legislature to review and potentially fund applications for interest subsidies on financing to save or repurchase home quarters. This would give farmers and ranchers a base from which to work and possibly start over in farming.

Today, CRB members are appointed to two-year terms by the Industrial Commission. They continue to provide policy and rules for the NDAMS, and may fund eligible requests for interest subsidies.

Dear Reader;

This is the first issue of Ag Mediation News, the new quarterly newsletter of the North Dakota Agricultural Mediation Service. Future issues will deal with various mediation and credit topics of interest to agricultural producers.

We welcome your comments, suggestions, and especially, your letters. Send all correspondence to the Agricultural Mediation Service, North Dakota Department of Agriculture, 600 E. Boulevard Ave., Sixth Floor, Bismarck, ND 58505-0020.

If you would like to be put on the newsletter mailing list, please call the Mediation Service, toll-free, at 1-800-642-4752.

Sincerely

L. Roger Johnson
NDAMS Administrator

NEED HELP?

If you are a farmer/rancher and would like negotiation or mediation assistance in dealing with credit or other problems, please call us toll-free at **1-800-642-4752**. We are here to serve you.

If you are a creditor or other person having a problem dealing with a farmer/rancher client, please call us toll-free at **1-800-642-4752**.

If you know of anyone who would like to receive *Ag Mediation News*, please call and we'll put their name on our mailing list.

Other resources

Lawyer Referral Service

The State Bar Association maintains a list of attorneys who are trained and/or experienced in farm debt issues. Some of these attorneys may offer reduced fees for farmers. For more information, call the service, toll-free, at 1-800-932-8880.

Mental Health Hotline

The North Dakota Mental Health Association provides information and referrals to individuals faced with stress and depression brought on by financial problems on the farm. For free, confidential help, call the association's 24-hour, toll-free hotline at 1-800-472-2911.

Your Notes

North Dakota Agricultural Mediation Service

In 1984, the North Dakota Department of Agriculture implemented the Farm Credit Counseling Program to help financially stressed farmers and ranchers. Under the program, qualifying farmers were assigned credit counselors to assist them in dealing with their financial problems.

Gradually, the services offered by the program were expanded to meet the growing demands of the agricultural community. Negotiation and mediation services were offered to agricultural borrowers and lenders.

In 1987, Congress passed the Agricultural Credit Act mandating mediation for credit cases involving the Farmers Home Administration and Farm Credit Services.

Two years later, the North Dakota Legislature approved further expansion of the program which was then renamed the Agricultural Mediation Service. In 1991, the Legislature again expanded the scope of the service, allowing AMS to provide mediation and negotiation in other kinds of disputes related to agriculture.

A division of the North Dakota Department of Agriculture, AMS is headquartered in the State Capitol in Bismarck. AMS operational policies are determined by the North Dakota Credit Review Board.

For more information, write or call:

North Dakota
Agricultural Mediation Service
600 E. Boulevard Ave., Sixth Floor
Bismarck, ND 58505-0020
(800) 642-4752
(701) 224-4769

EXHIBIT 2

AG CREDIT PROBLEMS?

How Mediation Can Work for You!

North Dakota

Do you need help?

The past decade has been a difficult one for North Dakota farmers and ranchers. Extended drought, depressed commodity prices and sharp increases in operational costs have forced many farmers and ranchers from their land. Many more have faced or are facing financial ruin, and their plight has put an enormous strain on their creditors.

In the past, a farmer's inability to meet financial obligations often resulted in foreclosure. A family would lose its farm and home, and creditors would be left with a considerable loss. Now, however, there is hope for both agricultural producers and creditors. Mediation and negotiation through the North Dakota Agricultural Mediation Service offer opportunities for restructuring debt, thereby allowing farmers to keep their farms and creditors to reclaim their money.

Call toll-free 1-800-642-4752

What is mediation?

Mediation is a process of settling disagreements in a controlled setting. Mediation brings the disagreeing parties in a dispute to the same table in an attempt to resolve their differences. During mediation, everyone involved in the dispute should be willing to "lay all their cards on the table" and to consider all possible solutions to the problem. Mediation is voluntary and it can lead to agreements satisfactory to all concerned.

The mediator is a neutral and impartial third party. The mediator arranges the time and location of meetings between disputants and conducts the meetings. Trained in problem-solving techniques, the mediator works to create an environment in which the disagreeing parties can resolve their differences. The mediator assists the disputants in discussing and considering every option and in recording agreements.

Mediation can mean the difference between an acceptable and workable agreement and costly, time-consuming and possibly ruinous litigation, even foreclosure and bankruptcy. And mediation works; agreements are reached in two-thirds of all cases.

Call toll-free 1-800-642-4752

What is negotiation?

In addition to mediation, AMS also offers negotiation services. Negotiation is a less formal and often longer process than mediation. The negotiator acts as a representative of the farmer, rancher or other party requesting negotiation. AMS employs about 30 negotiators located throughout the state.

Negotiators also act as farm financial consultants. They help qualifying farmers and ranchers prepare financial statements, cash flow projections, loan applications and other paperwork. Negotiators will also meet with farm creditors to help farmers with financial, management and other issues.

How does negotiation work?

If you have questions or need assistance, call the toll-free number, 1-800-642-4752. A negotiator will be assigned to your case and will contact you directly. Meetings will be held at your farm or a mutually agreeable location at your convenience.

How does mediation work?

Mediation usually begins after negotiation between a borrower and creditors has failed to result in a workable repayment plan. Mediation may also be initiated when a creditor either rejects a borrower's restructuring plan or considers foreclosure. In North Dakota, the Farmers Home Administration, Farm Credit Services and the Bank of North Dakota are required to offer mediation before initiating farm foreclosure proceedings.

Here's how the mediation process is conducted:

1. Either a borrower or lender contacts the Agricultural Mediation Service and requests mediation.
2. AMS assigns a negotiator to help the borrower prepare for mediation by getting all necessary financial papers in order.
3. AMS assigns a mediator to the case.
4. The mediator sets up a meeting(s) between the borrower and creditors.
5. The negotiator attends mediation meetings with the borrower and represents the borrower's interests during the meetings.
6. The mediator is neutral and facilitates frank and open discussion of all issues.
7. The participants discuss all problems, possible solutions and options.
8. Participants reach a mutually satisfactory agreement or "agree to disagree."

Other situations?

Although most cases taken by the Agricultural Mediation Service deal with credit disputes, the agency has been authorized to offer mediation services in other areas of contention, including landlord-renter disputes or disputes with federal agencies.

Is there any cost?

The first 10 hours of negotiating assistance to farmers is free of charge. After that , a nominal fee is charged to farmers/ranchers and creditors using AMS services. A waiver of fees may be granted to those who are unable to pay.

EXHIBIT 3

FORMAL MEDIATION PROCEDURE

DUTIES OF NEGOTIATORS IN FORMAL MEDIATION

1. Contact farmers within 48 hours of receiving letter of assignment (L-#1).
2. Get "Request for Formal Mediation" (F-#2) signed.
3. Get "List of Creditors" (F-#3) signed, including names, addresses, and phone numbers o all creditors. EVERYTHING MUST BE LEGIBLE!
4. Immediately send copies of "Request for Formal Mediation" (F-#2) and "List of Creditor (F-#3) to the Administrator.
5. Help farmer complete and compile the following before initial mediation meeting and bring copies to the meeting:
  - *a. Current financial statement (must be current).*
  - *b. Cash flow projections (current year and typical year).*
  - *c. Five year income, expense, and production history.*
  - *d. Three most recent years of income tax returns.*
  - *e. Any other information the circumstances may require (such as copies of leases and contracts).*

If this information has been completed and accepted by creditor, verify all informatio Use real numbers; change numbers only if mistakes were made.

6. Contact primary creditor(s) prior to mediation meeting (whenever possible) to provide them with relevant financial data.
7. If agreement is reached with initiating creditors(s) prior to formal mediation meeting immediately notify Mediator so he/she can file "Final Report" (F-#5).
8. Coordinate with Mediator to set up time, date, location of initial mediation meeting.
9. Negotiate on behalf of farmer at mediation meetings.
10. Assist farmer in getting desired agreements drawn up with creditors and presented to other creditors as needed.

DUTIES OF MEDIATORS IN FORMAL MEDIATION

1. Contact farmer within 48 hours of receiving letter of assignment (L-#1).
2. Verify with Negotiator that the "list of Creditors" (F-#3) has been completed, signed, and sent in (office will notify creditor who requested or initiated mediation if the farmer chooses not to participate).
3. Set up meeting date, time, and location of mediation meeting in coordination with farmer, negotiator, and lender who requested mediation. Initial meeting must be held within 45 days of the date farmer requests mediation (F-#2) date.
4. Notify the Administrator at least 14 days before the initial mediation meeting is to take place (office will notify creditors of meeting date, time, and place). If agreement is reached between farmer and initiating or requesting creditor prior to mediation session, immediately notify the Administrator and contact all creditors to cancel the mediation meeting.
5. Meet with farmer and creditors, preside over meeting.
6. Schedule additional meetings if required and notify all participants of same.
7. Get all parties to mediation to sign "Agreement to Mediate" (F-#4). Return this form the office with the "Final Report" (F-#5) when mediation is completed.
8. Prepare "Confidential Memorandum of Understanding" (F-#4.5) for parties to sign near conclusion of each mediation session (as appropriate).
9. File "Final Report" (F-#4.5) of outcome of mediation with Administrator. This report must be filed within 75 days of the date the farmer requested mediation (F-#2 date). unless the farmer and initiating creditor agree to an extension of mediation, or a declaration of bad faith has been made against a creditor (if so, mediation may be continued up to 60 additional days). If parties agree to an extension, such extensio must be in writing from the requesting/initiating creditor.

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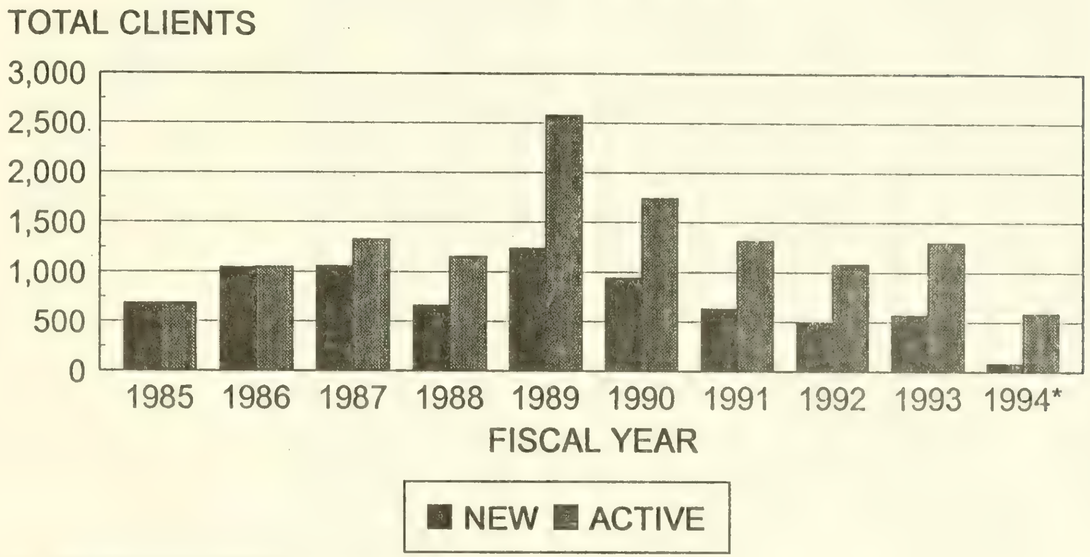
EXHIBIT 4

TOTAL NEW AND ACTIVE CLIENTS

BY STATE FISCAL YEAR (1985 TO 1994)



AG MEDIATION SERVICE
*1994 TOTAL IS 7/1/93 TO 02/28/94
BS 4/8/94

EXHIBIT 5

Farmers Home Administration Mediation Requests Received, Mediated, and Agreements Reached by Calendar Year

	1989	1990	1991	1992	1993
REQUESTS	830	266	128	386	120
CASES MEDIATED	455	165	145	42	310
AGREE RATE(%)	66	64	42	79	47

Farm Credit Services Mediation Notices Received, Mediated, and Agreements Reached by Calendar Year

	1989	1990	1991	1992	1993
NOTICES RECD	503	719	756	620	342
CASES MEDIATED	112	186	190	118	51
AGREE RATE(%)	66	83	72	66	69

The Bank of North Dakota Mediation Requests Received, Mediated, and Agreements Reached by Calendar Year

	1989	1990	1991	1992	1993
REQUESTS	61	66	42	31	11
CASES MEDIATED	1	95	37	28	7
AGREE RATE(%)	100	76	73	75	86

STATEMENT OF PATRICK SULLIVAN[1]
BEFORE
THE HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, AND RELATED AGENCIES

Washington, D.C.
April 19, 1994

Introduction

Mr. Chairman and distinguished members of the Subcommittee, I appreciate the opportunity to testify for a $4 million appropriation for state loan mediation programs. State loan mediation programs were established by the 1987 Agricultural Credit Act. The New Mexico Agricultural Loan Mediation Program is a state-wide program to assist agricultural producers and their creditors in resolving distressed or delinquent loan situations. Our program is a USDA-certified state loan mediation program that has been authorized by the New Mexico Secretary of Agriculture to provide mediation services on agricultural loan disputes in the state of New Mexico. The program is administered by the Cooperative Extension Service at New Mexico State University. Since the inception of this program in 1989, we have worked with New Mexico farmers and ranchers to reach a settlement that was mutually agreeable to the borrower and creditors.

New Mexico utilizes trained voluntary mediators to mediate borrower creditor disputes. The mediator is impartial, knowledgeable about the mediation process, and familiar with agriculture and agricultural credit problems. Mediators are assigned on a case by case basis and must be acceptable to all parties. Cases mediated by New Mexico Agricultural Loan Mediation mediators have resulted in mutually agreeable solutions approximately 90% of the time.

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[1] Project Leader, New Mexico Agricultural Loan Mediation Program, New Mexico State University, Las Cruces, New Mexico.

Our program has been supported by federal matching grant funds and in-kind contributions by New Mexico State University. Nationally, there are 18 states that share an annual appropriation to the Farmers Home Administration State Loan Mediation Grant Program, which was funded at the $3 million level this year. However, this program has been slated as one of the 115 programs which the Administration intends to eliminate in the Fiscal 1995 Budget. If federal funds are not appropriated for the coming year–there is absolutely no way that our program, or the programs in most of the other 17 states can continue to provide assistance to agricultural borrowers and their creditors.

Restoration of Funding

I would urge your support for restoration of funding for the state loan mediation programs for the fiscal year 1995. While we are all aware of the critical need to reduce the budget deficit, elimination of funding for the state loan mediation programs will increase the deficit – not reduce it.

A study by Texas Tech University of cases resolved by the Texas Dispute Resolution Project in Texas indicated an estimated return to the federal government of $5.59 for each $1.00 in federal grant funds spent in providing mediation services. In comparing the estimated benefits to creditors to the costs of mediation services, a benefit-cost ratio of $4.33 was estimated. In other words, creditors received an estimated $4.33 in benefits for every $1.00 spent in providing mediation services. Thus it seems likely that elimination of the $4 million in funding for the 18 state loan mediation programs could ultimately cost the taxpayers a return of over $22 million in lost benefits. The net effect of this decision would be a $16 million increase in the budget deficit – not a $4 million decrease.

The availability of mediation services also provides many benefits which are not reflected in the figures shown above. Mediation has helped countless farmers and ranchers continue to operate their farms and ranches. Of course, since farming and ranching is a way of life as well as an occupation for many people involved in agriculture, this benefit may have relatively greater psychological value than monetary value. But even if the outcome is a total voluntary liquidation, the decision is reached in a voluntary fashion rather than through foreclosure or bankruptcy. While the farmer or rancher is seldom happy with this outcome, the mediation process does allow the producer to accept the situation and the result more readily.

If the agricultural producer is able to continue operating under an agreement reached voluntarily in mediation, secured creditors benefit by preserving a performing loan without interruption. Even if the outcome of the mediation process is a voluntary agreement which results in the producer leaving farming, secured creditors generally still prefer the mediation process to involuntary liquidation or bankruptcy because there is less delay and loss of interest associated with the mediation process.

Unsecured creditors typically suffer the greatest losses since they usually receive only a fraction of any outstanding loan balance under an involuntary liquidation or bankruptcy because there is no collateral to sell to repay the debt. Thus, in monetary terms, unsecured creditors probably receive proportionately greater benefits from a voluntary agreement in the mediation process than any other type of beneficiary.

The rural community is a direct beneficiary of any voluntary agreement which enables the farmer to continue farming because it avoids an interruption or reduction in cash inflows and promotes stability in the population base. Due to limited employment alternatives in the rural areas, the failure to achieve a voluntary agreement to allow the farmer to continue farming tends to accentuate the problem of out-migration from the rural community. In addition, displacing farmers not only places a strain on rural businesses that rely on farmers and ranchers but also on the public services sector of the rural community by decreasing the tax base and revenues at the same time that the demands for public welfare services increase.

Society as a whole benefits from voluntary agreements which allow the farmer or rancher to continue farming by maintaining the human resource base which has provided the citizens of this country with the safest, most affordable food supply in the history of the world. While there is a tendency to view this situation as the result of our superior technology, it should be remembered that technology can be and is exported all over the world. The real difference between the U.S. food and fiber system and systems in other parts of the world is the American farmer. Farming is certainly a science, but it is also an art that is transferred from generation to generation. Thus every time a farmer is forced off the farm, we lose a little of that precious human resource that can never be completely recovered.

Society also benefits from mediating distressed agricultural loan situations by reducing tensions that lead to increased suicides, family violence, alcoholism and drug abuse. While the mediation process may not result in a voluntary agreement enabling the farmer to continue farming, it does provide a conflict resolution process that allows the farmer to understand the problem, evaluate his or her alternatives, make a decision, and accept the consequences. The mediation process cannot alleviate the pain of leaving the farm, but it certainly gives the farmer far more control over his or her destiny than an involuntary liquidation at a foreclosure sale.

For these reasons, I hope that we can count on your support and assistance for an appropriation of $4 million to save a program which is desperately needed in rural America.

USDA PROGRAMS

WITNESS

HON. DOUG BEREUTER, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEBRASKA

GARY YOUNG, NORTH-CENTRAL REGION ADMINISTRATION COUNCIL FOR SUSTAINABLE AGRCULTURE

. DURBIN. Mr. Bereuter, how many trips have you made over here today? We are going to make sure you get a chance to testify.

Mr. SKEEN. He is the most exercised member of Congress we have.

Mr. DURBIN. I will tell you what, special consideration is given for your diligence.

Mr. BEREUTER. Thank you very much, Mr. Chairman, Mr. Skeen and members of the subcommittee. Thank you for the opportunity to testify before the subcommittee to support funding for several programs of national importance and for programs of special interest to my constituents and the citizens of Nebraska.

I am going to be very brief in my summary because I want to introduce the person at the table with me, Mr. Gary Young, one of my constituents, a farmer in northeast Nebraska, to testify on behalf of USDA's sustainable agricultural research and education program.

He has a long history on the North Central Region Advisory Counsel as well as being the state president of SARE for seven years and he is taking time from planting alfalfa, which he ought to be doing right, now to take advantage of the rains.

But nevertheless I wanted to tell you gentlemen that despite a number of important projects at a major land grant institution in our state which I represent and of which I am a graduate, I have narrowed down my priorities for that institution to two and one actually is the Midwest Advanced Food Manufacturing Alliance, which is a consortium of 13 leading research universities and their corporate partners. Those 13 include major land grant institutions in the midwest and the northern plains.

The alliance received a half a million dollars in start-up funding this year and they are requesting $5 million. Because every competitively awarded alliance research project would require a dollar-for-dollar corporate match, the $5 million allocation will generate $10 million in research on food processing, packaging, storage and transportation.

The alliance can provide the necessary cooperative link between universities and industries for the development of competitive food manufacturing and processing technologies. This will, in turn, ensure that the United States' agricultural economy and industry remains competitive in an increasingly competitive global economy.

I also wanted to mention a small program that is exceedingly important to southeast Nebraska, south central Nebraska and many parts of Kansas. It is a chinch bug control program which we really need to continue. And I would make that my second priority, on a very different scale but very important.

I wanted to mention briefly several programs that are national programs. The chairman in particular knows about the Farmers Home Administration 502 unsubsidized loan guarantee program.

As you know, it is going like gangbusters, particularly since Fannie Mae is involved and the default rate is exceedingly low. So I think this is one of the best bargains that we have in the way of providing housing for people's whose income is 80 percent to 115 percent of median area income. Accordingly, I urge you to support the administration's request.

There is no money, on the other hand, for the Public Law 566 program, the flood prevention program. I think it is very important. We need to continue to fund it and I hope you gentlemen can find a way to do that.

On the market promotion program, I am one of the defenders that speaks out on the floor on behalf of the program and against additional cuts. I think the administration has cut too much in this area. We have already reduced it dramatically. There are good payouts. It is controversial because people do not understand the impact but I will be there defending it with you if you choose a larger figure.

The pre-harvest food safety research program is very important for reasons I have laid out but I hope that you might look at the suggested language that I am recommending you insert in the appropriation bill to make sure that they are taking advantage of six universities that took the lead on the issue of pre-harvest food safety.

And now for the sustainable agricultural research and extension effort, I would turn to my constituent, Gary Young, for some comments about it because he certainly has expertise for the country in this respect.

Mr. DURBIN. Thank you, Mr. Bereuter.

Mr. Young, your testimony will be included in its entirety and if you would like to give us a summary of highlights at this point, we would appreciate it.

Mr. YOUNG. Thank you, Mr. Chairman.

Just before this last break, you were having testimony on whitefly. There has been SARE research done on it and it is in this pamphlet, the highlights. That is attached to my testimony.

It has been proven inconsequential in organic vegetable production. I thought that was interesting. But to go on with my testimony, I encourage Congress to increase funding for the two extension programs that focus on research and extension and sustainable agriculture. One is the SARE program and the other is administered by the Cooperative Research Service and the Sustainable Agriculture Technology Development and Transfer Program. It is a competitive grants program administered by extension.

Around the country, sustainable agriculture is increasing profits on family farms, strengthening rural communities and reducing many environmental problems linked with conventional agriculture. To my mind, this makes it worth of a federal program that addresses cutting edge research and encourages greater adoption of sustainable practices.

Many farmers would like more information, training and support to help them make the switch to cost effective sustainable practices and the amount of interest in farmers grows every year. For example, in 1992, the first year of the SARE program in the north central region offering producer initiated grants, there were 300 requests from farmers for information to apply. In this year, the application process still is open and to date they have received over 1500. Unfortunately, only a small number of these proposals can be funded. The North Central Council has head from numerous researchers who no longer submit proposals due to the high rejection rate for excellent highly qualified projects caused by severe funding restrictions.

We need SARE funding to keep pace with the demand for on-farm research and development. Competitive grants like these encourage entrepreneurship and creativity of farmers as they seek sustainable solutions to meet very real economic and environmental constraints.

In Nebraska, we have an informal network of farmers and researchers that practice sustainable agriculture and act as mentors. But if a typical conventional farmer wants information about sustainable practices, his first stop would be the local extension office or the SCS office. These farmer agents usually refer them to one of us but we are volunteers. We cannot offer the consistent technical support that new farmers need, especially as their numbers grow.

We would like to see more extension agents acquire the information they need to respond to farmers' questions about reduced chemical and environmentally sound farming.

The training program can be an effective mechanism for getting information to agricultural agents, SCS field staff and other agricultural professionals, not only about SARE research but also about other USDA programs that promote good farm stewardship like water quality and integrated pest management initiatives.

The president has shown the most support for SARE yet but his proposal is 8.8 million and it is still less than one-quarter the amount Congress authorized five years ago. If funded at 20 million, half the authorized amount, SARE could greatly accelerate progress in the development of sustainable agriculture while representing only a fraction of the total federal research funding.

Similarly, the president proposed to increase the technical program funding to 5 million. It would take at least 8 million to establish a solid network, national network, for regionally based training and sustainable agriculture.

I thank you for the opportunity to testify and would be happy to try to answer any questions you may have.

Mr. DURBIN. Thanks, Mr. Young. And coincidentally, this week before I came out to Washington a group of local farmers who share your beliefs on sustainable agriculture came to visit me in Springfield, Illinois and I think you are on the right track in terms of reducing inputs and trying to find ways to maintain and improve productivity at the same time.

We are going to try to help you in that regard and I am glad you were accompanied by Mr. Bereuter here. He has a good reputation with this subcommittee and has done a lot of work in this area.

Mr. YOUNG. If there is anything I can do to help, I would greatly appreciate the opportunity.

Mr. DURBIN. Thank you both for coming. I appreciate it very much.

Mr. YOUNG. Thank you.

[The statements follow:]

TESTIMONY BY
HONORABLE DOUG BEREUTER
BEFORE THE
HOUSE SUBCOMMITTEE ON RURAL DEVELOPMENT, AGRICULTURE, AND RELATED AGENCIES
APRIL 19, 1994

Chairman Durbin, Congressman Skeen, and members of the Subcommittee, thank you for the opportunity to testify before your subcommittee to support funding for several programs of national importance and for programs of special interest to my constituents and the citizens of Nebraska.

I. PRIORITY REQUESTS

A. MIDWEST ADVANCED FOOD MANUFACTURING ALLIANCE
(USDA-CSRS State Specific Special Grant)

My priority request for agricultural research funding is the **Midwest Advanced Food Manufacturing Alliance**. The **Alliance** is an association of thirteen leading research universities and corporate partners[1]. Its purpose is to develop and facilitate the transfer of new food manufacturing and processing technologies.

Last year, the **Alliance** members received $500,000 in start-up funding; this year they are requesting **$5 million**. Because every competitively-awarded Alliance research project would require a dollar-for-dollar corporate match, a $5 million allocation to the Alliance would generate $10 million in research on food processing, packaging, storage, and transportation.

Mr. Chairman, as you know, the future viability and competitiveness of the U.S. agricultural industry depends on its ability to adapt to increasing world-wide demands for U.S. exports of **intermediate and consumer good exports**. In order to meet these changing world-wide demands, agricultural research must also adapt to provide more emphasis on adding value to our basic farm commodities. The **Midwest Advanced Food Manufacturing Alliance** can provide the necessary cooperative link between universities and industries for the development of competitive food manufacturing and processing technologies. This will, in turn, ensure that the United States agricultural industry remains competitive in a increasingly competitive global economy.

Therefore, Mr. Chairman, I urge the Subcommittee to **substantially increase funding** ($5 million) for the **Midwest Advanced Food Manufacturing Alliance**.

B. CHINCH BUG CONTROL

(USDA - Extension Service State Specific Grant)

My other priority request is continued funding ($64,320) for chinch bug research and control at the University of Nebraska-Lincoln. This grant would support field tests and demonstration projects for research pertinent to pests affecting grain sorghum in the Great Plains States carried out at the University of Nebraska-Lincoln.

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[1] The Alliance is comprised of the following Universities: Illinois, Indiana, Iowa State, Kansas State, Michigan State, Minnesota, Missouri, Nebraska, North Dakota State, Ohio State, Purdue, and South Dakota State.

II. OTHER NEBRASKA-SPECIFIC PROGRAMS

In addition Mr. Chairman, I would like to express my support for the following agricultural research (CSRS State-Specific Special Grants) projects currently being performed at the University of Nebraska-Lincoln. The University of Nebraska-Lincoln is performing valuable research in important agriculture and ag-related fields including:

- Non-food agricultural products ($110,000)
- Food processing ($50,000)
- Sustainable agriculture ($70,000)

III. NATIONAL PROGRAMS

A. FmHA 502 Unsubsidized Loan Guarantees

Mr. Chairman, I am most supportive of the Administration's request ($1.3 billion in guarantees) for the Farmers Home Section 502 unsubsidized loan guarantee program. As the author of this program, I will support the proposed increase in funding in debate on the House floor if that is necessary.

B. P.L. 480 Food Aid

Mr. Chairman, I have previously written you expressing my strong disapproval of the Administration's underfunding of **P.L. 480 Food Aid Programs** in the FY95 budget. As a Member of the House Foreign Affairs Committee, I am disturbed to see that these food aid programs, which attempt to meet the basic nutritional needs of the world's poorest, are slated to receive more than 50% of the total dollar cuts in the President's international affairs (Function 150) budget account.

Nearly all of the funds of the P.L. 480 food aid programs are spent in the United States to purchase and process agricultural commodities and to provide transportation and related services. As a result, the world's neediest and U.S. agricultural producers benefit from these worthwhile programs.

Accordingly, I urge you -- and I will support you -- to attempt to make sure that the agricultural budget and the P.L. 480 Food Aid Programs receive, at a minimum, funding to ensure that these programs meet the minimum tonnages required by law [The P.L. 480, Title II program has minimum tonnages mandated in law (Section 204) for fiscal years 1991 to 1995. The FY95 minimum overall Title II level required is 2,025,000 metric tonnes, but only 1,676,283 metric tonnes is proposed in the President's FY95 budget]. It is my understanding that program funding for Titles II & III can be raised to bring the President's FY95 budget in conformance with law without exceeding last year's appropriation levels.

C. P.L. 566 Flood Prevention Programs

Mr. Chairman, the Administration's FY95 budget contains **no funding for watershed and flood prevention under the P.L. 566 programs administered by the Soil Conservation Service.** Last year, dams built under this program prevented **$2.5 million** in flood damages in one Natural Resource District in Southeastern Nebraska. Moreover, completion of the Swan Creek and Wolf-Wildcat watershed projects which are currently under construction could have prevented nearly $570,000 more in flood damages in towns like Dewitt, Nebraska in my district. Therefore, I strongly support restoring funding for the P.L. 566 programs.

D. Market Promotion Program

Mr. Chairman, as you know I have been a longtime defender of the **Market Promotion Program** and have defended it against attacks on the House Floor during debate. The Administration, unfortunately, recommends reducing this important market development tool from $100 million to $75 million. In 1993, the program received $147.7 million. As I testified earlier, American agriculture must compete for high-value agricultural export markets against European Union member countries which grossly out spend us in promoting the export of their high-value products. Therefore, I do not support the Administration's recommendation to reduce funding for the **Market Promotion Program**. No less than $100 million for this program should be included in the legislation for FY95.

E. Resource Conservation and Development

I would like to urge the Subcommittee to adequately fund the Resource, Conservation & Development program. The Administration recommends funding this important program at $26.2 million and the 1990 Farm Bill authorized up to 450 RC&D areas by the year 2000. In Nebraska alone, there are five existing RC&D's and three RC&D's whose applications have been pending for at least two years. Mr. Chairman, funding allocated to these grass roots organizations helps motivated volunteers develop feasible and highly desirable local resource development projects.

F. Pre-Harvest Food Safety Research

As the Committee members know, recent outbreaks of food borne disease such as those caused by E. coli have brought the issue of food safety to the forefront of concerns to the American public. Implementation of **pre-harvest food safety practices** on food production units is the **first** step to assuring prevention of food-borne illness. The **Food Animal Production Medicine Consortium (FAPMC)** originated the concept of pre-harvest food safety in animals to address this increasingly important threat. Last year, the final appropriations bill instructed the USDA to work with FAPMC in researching pre-harvest food safety. Unfortunately, this has not occurred.

The Administration's FY95 budget directs $5.7 for animal health research as originally proposed by FAPMC. Therefore, I support inserting language in the appropriations legislation which specifically directs the USDA Animal Plant Health Inspection Service to fund **pre-harvest food safety research by the FAPMC**. There is currently no justification for USDA's failure to utilize the capabilities of the six universities which took the lead on this issue in 1987 well before the problem arose in the Northwest.

G. Sustainable Agriculture Research and Extension

Finally, Mr. Chairman, I would like to introduce Mr. Gary Young to testify on behalf of the USDA's Sustainable Agriculture Research and Education (SARE) program. Mr. Young is an active farmer from Northeast Nebraska and a member of the North-Central Region Administration Council for SARE.

Again, Chairman Durbin, Congressman Skeen, and members of the Subcommittee, thank you for the opportunity to testify.

Testimony of Gary Young
Nebraska Sustainable Agriculture Society
presented to the
House Appropriations Subcommittee on Agriculture,
Rural Development, and Related Agencies
April 19, 1994

My name is Gary Young. I have farmed in Northeast Nebraska since 1960; with a dairy herd until 1990, and since then with a cull calf-cow and ewe-lamb operation. I have been farming with sustainable practices for 25 years. During most of that time, I have worked with the Center for Rural Affairs, helping to develop sustainable technologies for energy and resource utilization on small farms. Many of these innovations have been adopted by other farmers.

For the last seven years, I have served as President of the Nebraska Sustainable Agriculture Society. I am a charter member of the Advisory Council for the University of Nebraska's Sustainable Agriculture Center. For the past four years, I have served on the Administrative Council for the SARE program in the North-Central region.

I encourage Congress to increase funding for the two existing programs that focus on research and extension in sustainable agriculture: the Sustainable Agriculture Research and Education (SARE) competitive grant program, administered through the Cooperative State Research Service, and the Sustainable Agriculture Technology Development and Transfer (SATDTP), a competitive grants program administered through Extension.

It comes as a surprise that the President's budget proposal gives relatively little attention to the profitability and potential for growth demonstrated by the sustainable agriculture sector. Given this Administration's emphasis on pollution prevention, sustainable development and new partnerships, I can think of no better showcase of re-inventing government than these sustainable agriculture programs.

Around the country, sustainable agriculture is increasing profits on family farms, strengthening rural communities, and reducing many environmental problems linked with conventional agriculture. To my mind this makes it worthy of federal programs that address cutting edge research needs and encourage greater adoption of sustainable practices.

Farmers and consumers want food that is produced without toxic chemicals and are very supportive of farming practices that keep water and soil clean. Not only is there a growing market for food grown with environmentally sound practices, but sustainable agriculture responds to farmers' concerns about economics and their own health.

In 1968, I was hospitalized for three days with symptoms of chemical poisoning; for the next two years, these symptoms returned whenever I used a certain farm chemical. Finally, I just stopped using it and my bouts with poisoning also stopped. Not long after that, I realized that my use of synthetic fertilizer was ruining the quality of my soil and, through feed grown on those fertilized fields, adversely affecting the health of my cows. These experiences convinced me to find safer alternatives to chemical-intensive farming, and I have been farming with sustainable practices for the past 25 years.

Sustainable agriculture is as good for farm economics as it is for the health of farmers. Some farmers who struggle with a high debt load dramatically improved their cash flow by reducing their use of expensive synthetic chemicals and adopting innovative management practices -- like rotational grazing or specialized crop rotations and cover crop systems.

The phrase "sustainable agriculture" may seem new or threatening to some people, but its main ideas -- maintaining the health of farmers and farm workers, the welfare of animals, keeping land and water resources clean and safer and building economic opportunities in the farming sector -- have deep roots in farming communities. Some people see industrial farming as the "modern" way. But a lot of farmers today are realizing that sustainable farming is the most modern: combining the most effective management practices with the most effective and environmentally sound technology.

What will keep sustainable agriculture modern is on-going and increased investment in research and training that helps farmers produce good, wholesome food while also improving the health of their families and livestock, improving soil quality, and lowering production costs.

Many farmers would like more information, training and support to help them make the switch to cost effective sustainable practices, and the amount of interest among farmers is growing with every year. For example, in 1992, the first year the SARE program in the North-Central region offered "Producer-Initiated Grants" for on-farm research, that region received 300 requests from farmers for information on applying for SARE research mini-grants. In 1993, about 1500 requests were made by farmers. This year the applications process is still open, and to date we have received in excess of 1500 requests for applications. Unfortunately only a small number of these proposals can be funded. As you can see interest is growing rapidly and is outstripping the capacities of our limited SARE budget.

The North Central Council has heard from numerous researchers who no longer submit proposals due to high rejection rates for excellent, highly-qualified projects caused by severe funding restrictions. We need SARE funding to keep pace with the demand for on-farm research and development. Competitive grants like these encourage the entrepreneurship and creativity of farmers as they seek sustainable solutions to very real economic and environmental constraints.

The federal government can meet farmers' calls for information very simply, by giving adequate funding to CRS and Extension for these two severely underfunded programs that form the foundation for all other sustainable agriculture initiatives by USDA.

These programs are not risky ventures. The government's own watchdog group, the General Accounting Office, has praised the SARE program as well-coordinated and cost-effective. SARE is the only federal program that supports partnerships between researchers, agri-business, government and farmers to streamline progress in improving farming practices. SARE is the only government research program that focuses on sustainable agriculture; the only one that involves farmers in designing and conducting basic research and development.

Good research will help farmers if they can get training in how to use research results on their farms. Recently a scientist from the University of Nebraska told me that, in his view, on-farm research funded by SARE is the key to learning how to implement sustainable practices. I can verify that farmers pay close attention to the initiatives supported by SARE farmer grants and learn from them. This year, in my region, there is a lot of interest in SARE-funded experiments with composting, rye-alfalfa rotations, a non-chemical fly trap, and reclaiming CRP land for grazing pasture.

In Nebraska, we have an informal network of farmers and researchers that work on sustainable agriculture and act as mentors. But if a typical conventional farmer wants information about sustainable practices, his first stop will be the local Extension office or SCS office. These farm agents will usually refer him to one of us. But we are volunteers. We cannot offer the consistent technical support that new farmers need, especially as their numbers grow. We would like to see more extension agents acquire the information they need to respond to farmers' questions about reduced-chemical, environmentally sound farming.

The Sustainable Agriculture Training Program (SATDTP) can be an efficient mechanism for getting information to agricultural extension agents, SCS field staff and other agriculture professionals -- not only about SARE research but also about other USDA programs that promote good farm stewardship like the water quality and integrated pest management initiatives. SATDTP would increase the relevance of the existing farm extension program to a range of contemporary farm issues, and federal support for SATDTP training would validate sustainable agriculture to farmers and rural investors who might not have personal experience with it. The SATDTP program can also serve as a vehicle to help refocus Extension efforts within agriculture.

The President has shown the most support yet for SARE, but his proposed $8.8 million budget is still less than one quarter the amount that Congress authorized five years ago. If funded at $20 million -- half the authorized amount -- SARE could greatly accelerate progress in the development of sustainable agriculture, while still representing only a small fraction of total federal research funding.

Similarly, while the President proposed an increase in SATDTP funding to $5 million, it would take at least $8 million to establish a solid national network for regionally-based training in sustainable agriculture, well coordinated with existing mechanisms. It is worth noting that SATDTP is key to the Extension Service's National Initiative in Sustainable Agriculture. SATDTP uses the same administrative mechanism -- the Regional Councils -- as the SARE program, so there is no waste or duplication. And it represents an innovative and cost-effective new approach within Extension by establishing regional training consortia.

In this age of budget deficits and fierce competition for scarce government funds, funding for research and extension in sustainable agriculture is money wisely spent. The SARE and SATDTP programs could spur growth in the sustainable agriculture industry. Program costs would be offset by a reduction in the costs of toxic clean-ups and health problems that are linked to conventional production. By appropriating adequate funds for sustainable agriculture programs, Congress can make the federal government accountable to consumers who want safer food and water, and to farmers who want more information about how to adopt profitable, environmentally sound practices.

For your information, I have appended two charts to my testimony for your review that summarize SARE funding by research project type and by subject matter for the first six years of the program. I have also appended the SARE 1994 Project Highlights report. Finally, I have also included the recently signed USDA Decision Memo outlining the procedures being used to implement the Sustainable Agriculture Extension Program. I thank you for this opportunity to testify and would be happy to try to answer any questions you may have.

Appendix Table 6. Amount of SARE and ACE Awards Granted for Specific Types

Funded 1988 to 1993, Regional and National Totals

Program: SARE

	FISCAL YEAR				Total
Types of Projects	NC	NE	S	W	U.S.
1.1 Whole Farm System	$1,880,577	$1,506,226	$110,000	$2,361,745	$5,858,548
1.2 Natural System	$0	$160,278	$0	$0	$160,278
2 Experimental Component	$1,687,268	$2,164,254	$3,897,717	$1,123,728	$8,872,967
3 Exploratory Component	$199,204	$0	$306,150	$0	$505,354
4.1 Econ. Impact Assessment	$0	$0	$50,000	$282,105	$332,105
4.2 Envir. Impact Assessment	$0	$23,508	$140,000	$0	$163,508
4.3 Quality Life Assessment	$164,544	$0	$0	$0	$164,544
5 Whole Farm Demo	$305,177	$966,402	$754,700	$659,328	$2,685,607
6 Decision Support, Database	$174,509	$310,096	$141,970	$145,200	$771,775
7 Educ. Train Infor Transfer	$912,188	$476,103	$569,050	$1,089,730	$3,047,071
8 Other	$42,500	$5,000	$15,000	$17,000	$79,500
Totals, All Types	$5,365,967	$5,611,867	$5,984,587	$5,678,836	$22,641,257

Program: ACE

	FISCAL YEAR				Total
Types of Projects	NC	NE	S	W	U.S.
1.1 Whole Farm System	$257,230	$245,370	$200,000	$200,000	$902,600
1.2 Natural System	$189,670	$38,130	$0	$63,600	$291,400
2 Experimental Component	$281,034	$622,059	$424,900	$374,344	$1,702,337
3 Exploratory Component	$148,796	$74,131	$49,100	$100,000	$372,027
4.1 Econ. Impact Assessment	$0	$0	$0	$0	$0
4.2 Envir. Impact Assessment	$39,100	$0	$130,000	$133,200	$302,300
4.3 Quality Life Assessment	$0	$0	$0	$0	$0
5 Whole Farm Demo	$25,000	$176,008	$0	$350,560	$551,568
6 Decision Support, Database	$0	$0	$140,000	$0	$140,000
7 Educ. Train Infor Transfer	$144,950	$213,502	$165,000	$41,199	$564,651
8 Other	$46,942	$0	$200,000	$0	$246,942
Totals, All Types	$1,132,722	$1,369,200	$1,309,000	$1,262,903	$5,073,825

Program: SARE and ACE

	FISCAL YEAR				Total
Types of Projects	NC	NE	S	W	U.S.
1.1 Whole Farm System	$2,137,807	$1,751,596	$310,000	$2,561,745	$6,761,148
1.2 Natural System	$189,670	$198,408	$0	$63,600	$451,678
2 Experimental Component	$1,968,302	$2,786,313	$4,322,617	$1,498,072	$10,575,304
3 Exploratory Component	$348,000	$74,131	$355,250	$100,000	$877,381
4.1 Econ. Impact Assessment	$0	$0	$50,000	$282,105	$332,105
4.2 Envir. Impact Assessment	$39,100	$23,508	$270,000	$133,200	$465,808
4.3 Quality Life Assessment	$164,544	$0	$0	$0	$164,544
5 Whole Farm Demo	$330,177	$1,142,410	$754,700	$1,009,888	$3,237,175
6 Decision Support, Database	$174,509	$310,096	$281,970	$145,200	$911,775
7 Educ. Train Infor Transfer	$1,057,138	$689,605	$734,050	$1,130,929	$3,611,722
8 Other	$89,442	$5,000	$215,000	$17,000	$326,442
Totals, All Types	$6,498,689	$6,981,067	$7,293,587	$6,941,739	$27,715,082

Date: April 13, 1994

Appendix Table 8. Dollars of Grants Awarded in Each Fiscal Year for Projects on One or More Subjects, 1988 to 1993, Regional and National Totals

Program: SARE

	Region				Total
Subject	NC	NE	S	W	U.S.
A. Animal Agriculture	$1,771,558	$1,218,733	$1,966,335	$1,111,943	$6,068,569
B. Field Crops	$3,301,573	$550,105	$4,094,082	$1,911,828	$9,857,588
C. Speciality Crops/Forestry	$421,120	$3,048,363	$1,615,000	$3,600,568	$8,685,051
D. Weed Control	$583,273	$1,991,803	$2,599,510	$2,618,392	$7,792,978
E. Plant and Animal Protection	$582,216	$1,284,799	$2,829,970	$2,474,967	$7,171,952
F. Cover Crops & Habitat	$590,395	$1,462,776	$2,582,532	$2,904,691	$7,540,394
G. Soil, Water, Nutrient, Waste	$1,294,215	$1,595,548	$3,757,456	$3,249,852	$9,897,071
H. Communi., Educ., Marketing	$2,951,702	$1,968,869	$2,316,359	$4,175,305	$11,412,235
I. Quality of Life	$380,062	$521,768	$0	$1,231,669	$2,133,499

Program: ACE

	Region				Total
Subject	NC	NE	S	W	U.S.
A. Animal Agriculture	$200,172	$178,500	$479,100	$518,773	$1,376,545
B. Field Crops	$366,976	$303,071	$115,000	$634,355	$1,419,402
C. Speciality Crops/Forestry	$186,442	$807,327	$309,900	$936,749	$2,240,418
D. Weed Control	$189,127	$136,165	$205,000	$450,549	$980,841
E. Plant and Animal Protection	$314,087	$796,326	$469,900	$273,000	$1,853,313
F. Cover Crops & Habitat	$503,712	$132,502	$515,000	$721,559	$1,872,773
G. Soil, Water, Nutrient, Waste	$365,400	$629,390	$464,000	$1,111,715	$2,570,505
H. Communi., Educ., Marketing	$706,477	$350,111	$510,000	$273,200	$1,839,788
I. Quality of Life	$46,942	$25,000	$0	$230,560	$302,502

Program: SARE and ACE

	Region				Total
Subject	NC	NE	S	W	U.S.
A. Animal Agriculture	$1,971,730	$1,397,233	$2,445,435	$1,630,716	$7,445,114
B. Field Crops	$3,668,549	$853,176	$4,209,082	$2,546,183	$11,276,990
C. Speciality Crops/Forestry	$607,562	$3,855,690	$1,924,900	$4,537,317	$10,925,469
D. Weed Control	$772,400	$2,127,968	$2,804,510	$3,068,941	$8,773,819
E. Plant and Animal Protection	$896,303	$2,081,125	$3,299,870	$2,747,967	$9,025,265
F. Cover Crops & Habitat	$1,094,107	$1,595,278	$3,097,532	$3,626,250	$9,413,167
G. Soil, Water, Nutrient, Waste	$1,659,615	$2,224,938	$4,221,456	$4,361,567	$12,467,576
H. Communi., Educ., Marketing	$3,658,179	$2,318,980	$2,826,359	$4,448,505	$13,252,023
I. Quality of Life	$427,004	$546,768	$0	$1,462,229	$2,436,001

Since projects usually deal with more than one subject, columns do not add to meaningful totals.

Date: April 13, 1994

DEPARTMENT OF AGRICULTURE
OFFICE OF THE SECRETARY
WASHINGTON, D.C. 20250

February 8, 1994

DECISION MEMORANDUM FOR THE DEPUTY SECRETARY

FROM: **R. D. Plowman**
Acting Assistant Secretary
Science and Education

SUBJECT: **Sustainable Agriculture Program**

ISSUE:

As you are aware, a meeting was held on January 14, 1994, to review proposed procedures for implementing the Extension Sustainable Agriculture Program.

BACKGROUND:

The attached procedures reflect the agreement reached at the January 14 meeting which included representatives from the sustainable agriculture community, Senate staff, ES, CSRS, State Extension Directors, and land grant universities.

RECOMMENDATION:

Obviously, this matter needs to reach final resolution. Therefore, I propose to proceed on the basis of the attached statement of procedures. An early decision will be appreciated.

Attachment

cc: J. Patrick Jordan, CSRS
Leodrey Williams, ES

APPROVE

DISAPPROVE

DISCUSS WITH ME

DATE 2-8-94

Procedures on the use of FY 94 Appropriated Funds for Extension Sustainable Agriculture Training Programs

January 28, 1994

A. The Sustainable Agriculture Technology Development and Transfer Program (Chapter 3) Guidelines (May 18, 1993) will serve as a working draft for program implementation.

B. Extension 3(d) appropriated funds will be allocated to State Extension Directors at the four SARE Host Institutions for administrative purposes. Final accountability and responsibility rests with State Extension Directors.

C. The SARE Regional Administrative Councils, in consultation with the State Extension Directors, State Sustainable Agriculture Coordinators, and State strategic planning teams (see H below), will be responsible for development of policy, requests for proposals, allocation of resources, and oversight protocols.

D. Competition for funds is open to all entities that have a demonstrated capability relating to sustainable agriculture.

E. Flexibility is encouraged in the Regional SARE structure and program to meet the specific needs of sustainable agriculture in each region.

F. The "training centers" referred to in the law will be understood more appropriately as "consortia" that will help facilitate sustainable agriculture training networks.

G. Concurrent calls for proposals will be issued for 1) the Consortia/Network Coordinator, and 2) training projects. Both will be competitively awarded.

H. Extension will conduct statewide strategic planning in sustainable agriculture involving all interested parties, including other agency representatives, in a strategic planning team under the auspices of the State Sustainable Agriculture Extension Coordinator. The State strategic plan will provide input to the training Consortia/Network and to the SARE Regional Administrative Council for program planning and prioritization of training projects. States without a Sustainable Agriculture Coordinator should name one as soon as possible.

TOBACCO PROGRAMS

WITNESS

SCOTT BALLIN, COALITION ON SMOKING OR HEALTH

Mr. DURBIN. I have about five minutes left before I have to scamper off for the next vote.

Is Scott Ballin here?

There he is.

If anyone here is facing airplane problems, please let the staff know and we will put you on as soon as I get back.

Mr. Ballin.

Mr. BALLIN. Mr. Chairman, I am Scott Ballin and I am here on behalf of the Coalition on Smoking or Health which is comprised of the American Heart Association, Cancer Society and Lung Association.

Let me begin by being very direct.

Domestic tobacco farming is in the decline. According to the USDA, imports have risen sharply the last three years, reflecting a shift of manufacturers to using cheaper foreign grown leaf and rapidly expanding production of discounted cigarettes.

Further, while the number of cigarettes manufactured in the United States has remained steady over the past decade, jobs as well as the number of tobacco farms have been declining. Clearly there is a transition going on in the tobacco industry yet the tobacco industry profits remained large while American farmers suffer declining marketing quotas and a smaller share of the profits.

This helps point to the hypocrisy of the Federal Government bearing the expense of administering a price support and marketing quota ostensibly to benefit American farmers while the industry chips away at what remains of the program by announcing massive cuts in purchasing intentions for U.S. grown tobacco.

While no longer a direct subsidy, in fiscal year 1994 the U.S. taxpayer still pays nearly $17 million to administer the no net cost tobacco program in addition to nearly $14 billion in other tobacco related activities.

The Coalition on Smoking or Health believes that the federal support for tobacco programs at the USDA must end. We commend this committee for its past exclusion of tobacco related expenditures under the market promotion program and urge this committee to continue to do so while also supporting the deletion of funds as proposed in the president's budget concerning the Agricultural Research Service.

The Coalition on Smoking or Health urges you to pass on the $27 million that are recommended for tobacco assistance programs to the tobacco industry in the form of a user fee. No taxpayer money should be incurred which in any way, shape or form relates to the growth of a product which escapes nearly all forms of federal regulation, which costs this country more than $70 billion in economic costs and which takes the lives of 420,000 Americans each year.

The second issue that I want to briefly turn to is the need to give the FDA the authority to ensure that tobacco products are regulated in the manner in which they are manufactured, distributed, sold, labelled and advertised.

On February 25th, the Coalition on Smoking or Health received a letter from the FDA Commissioner which indicated that there was growing evidence that the tobacco products and the tobacco industry in fact was manufacturing drugs. The Coalition had filed a number of petitions with the agency beginning in 1988. It was our view that the tobacco industry had crossed over the statutory line and that they were in the business of selling both products intended to mitigate and prevent disease as well as products intended to affect function and structure of the body, the definitions of the Food, Drug and Cosmetic Act.

Dr. Kessler indicated in the letter to the Coalition as well as in his testimony before this subcommittee that he wants to work with Congress to find a solution to the tobacco and health problem once and for all. A ban on cigarettes is not the answer. Comprehensive regulation clearly is.

The present situation from a public health standpoint is intolerable. It makes no logical sense for this nation's single most preventable cause of death to also be its least regulated product and we disagree with the tobacco industry claims that the agency is already burdened with more important matters. In fact, we cannot think of a more important public health issue deserving attention than that of tobacco.

The health benefits for the consuming public as well as the thousands of children who the industry seduces each and every day obviously outweigh the regulatory costs.

This subcommittee should use its appropriations authorities over the FDA to ensure that FDA is even absent the authorizing legislation of H.R. 2147, which you have introduced, given sufficient funds to move forward with regulating cigarettes as drugs. The industry has crossed over the statutory line and like any other industry that wishes to sell their products as drugs should be forced to adhere to the law.

Thank you.

Mr. DURBIN. Thanks, Mr. Ballin. I think my feelings on this issue are pretty well known.

I would feel that with the testimony before the Energy and Commerce Committee last week that there clearly is a need to state two things very succinctly: first, that we are not going to ban the use of tobacco, I believe that is a folly and should not be our public policy. But on the other hand, we should clearly regulate it.

Mr. BALLIN. Absolutely. That is our position, Mr. Chairman.

Mr. DURBIN. I think your statement makes that case very clearly and we will be working with you on that.

Thank you very much for your testimony.

Mr. BALLIN. Thank you.

Mr. DURBIN. I am going to run and vote and come right back. Please let the staff know if anyone has airplane problems. If anyone would just like to leave your testimony, we will make it part of the record.

[Recess.]

[The statement follows:]

American Heart Association
AMERICAN LUNG ASSOCIATION®
AMERICAN CANCER SOCIETY®

Coalition on Smoking OR Health

Steering Committee

Alan C. Davis, Chairman
American Cancer Society

Scott D. Ballin
American Heart Association

Fran Du Melle
American Lung Association

Administrator - Federal Issues

Joy Epstein

Administrator - State Issues

Peter Fisher

Counsel

Matthew L. Myers
Asbill, Junkin & Myers

Legislative Advisory Council

American Academy of Family Physicians
American Academy of Pediatrics
American Association for Respiratory Care
American College of Cardiology
American College of Chest Physicians
American College of Physicians
American Public Health Association
American Society of Internal Medicine
Association of State and Territorial Health Officials
March of Dimes Birth Defects Foundation
National Coalition of Hispanic Health and Human Services Organizations (COSSMHO)
Society of Cardiovascular & Interventional Radiology

Testimony of the

American Cancer Society
American Heart Association
American Lung Association

united as the
Coalition on Smoking OR Health

Before the Committee on Appropriations
Subcommittee on Agriculture, Rural Development
Food and Drug Administration, and Related Agencies
United States House of Respresentatives

April 19, 1994

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Good afternoon Mr. Chairman and members of the Subcommittee. My name is Scott Ballin, Vice President for Public Affairs for the American Heart Association. I am speaking on behalf of the American Cancer Society, American Heart Association and American Lung Association, united as the Coalition on Smoking OR Health. I thank you for the opportunity to address this panel.

Today, I'd like to address two main areas of interest. First, the tobacco support program and related activities of USDA; and second, the regulation of tobacco products by the FDA.

To begin, let me be direct. Domestic tobacco farming is in decline. According to the United States Department of Agriculture (USDA) imports have risen sharply the last 3 years, reflecting a shift by manufacturers to using cheaper foreign-grown leaf in the rapidly expanding production of discounted cigarettes, and now account for over 1/3 of the tobacco used in cigarettes manufactured in the United States.

Although import fees will be imposed this year upon manufacturers using more than 25% foreign-grown tobacco in U.S. manufactured cigarettes, this will, in the long run, simply force tobacco manufacturers to move even more tobacco plants - and jobs - overseas.

Further, while the number of cigarettes manufactured in the United States has remained steady over the past decade, tobacco manufacturing jobs fell from 1982-92 by 19,600 jobs, a 29 percent decline. Over a similar period, the total number of tobacco farms fell by 42,000, a 23 percent decrease.

Finally, between 1980 and 1991, the tobacco farmers' share of the retail tobacco dollar fell from 7 to 3 percent, while the tobacco manufacturers' share rose from 37 to 50 percent. Some groups place this figure as high as 63 percent.

Clearly, the domestic growth and manufacture of tobacco products is in decline. Tobacco industry profits remain large while American farmers suffer declining marketing quotas and a smaller share of profits. This helps point to the hypocrisy of the federal government bearing the expense of administering a price support and marketing quota program, obstensibly to benefit America's farmers, while the tobacco industry chips away at what remains of the program by announcing massive cuts in purchasing intentions for U.S. grown tobacco.

While no longer a direct subsidy program, in FY 1994 the U.S. taxpayer still pays nearly $17 million to administer the No Net Cost Tobacco Program in addition to nearly $14 million in other tobacco-related activities.

The Coalition believes that the federal government's policies on tobacco remain inconsistent. On the one hand, the U.S. government acknowledges that tobacco use is the single most preventable cause of death in the United States (419,000 deaths each year); and the Environmental Protection Agency categorizes secondhand smoke as a Group A (known human) carcinogen. On the other hand, policies of the USDA assure that federal assistance and tax dollars support the growth and use of tobacco products. The federal government cannot, therefore, continue policies and programs that encourage and promote the growth of tobacco.

Federal funds would be better spent to facilitate the growth of alternative crops and improving access of tobacco producers to markets for other crops and land used to harvest other crops. As such, the Coalition opposes the use of federal funds of any kind for the marketing, growth and promotion of tobacco products.

The Coalition on Smoking OR Health commends the committee for its past exclusion of tobacco-related expenditures under the Market Promotion Program and urges the committee to continue to do so, while also supporting the deletion of funds, as proposed in the President's budget, for Agricultural Research Service expenditures into the marketing and utilization of tobacco for health and non-health related purposes -- $3.77 million in FY 94.

However, $3.56 million is still recommended for similar research under the Cooperative State Research Service, which also includes research on plant production and production efficiency. In addition, $809,000 is recommended for extension services; $130,000 under the Economic Research Service; $256 million under the Economic Research Service; $256,000 under the National Agricultural Statistical Service; $286,000 under the Foreign Agricultural Service; $1.193 million for Market News, inspection, grading, and standardization under the Agricultural Marketing Service; $4.3 million in net expenditures relative to Federal Crop Insurance; and $16.9 million for administrative costs of the No-Net-Cost Program. Total proposed federal expenditures in FY 1995 for tobacco-related activities are estimated to be over $27 million.

The Coalition urges you to pass on the remaining $27 million in expenditures to the tobacco industry in the form of user fees. No taxpayer money should be incurred which is in any way, shape or form related to the growth of a product which escapes nearly all forms of federal regulation, which costs the U.S. nearly $70 billion each year in economic costs, and which takes the lives of 419,000 Americans each year.

As I previously mentioned, the Coalition on Smoking OR Health supports proposals to assist tobacco farmers to retire their tobacco allotments and stop growing tobacco and provide some form of compensation to states and counties whose economies will be adversely affected by a decrease in tobacco consumption and who wish to make the transition to both other crops and non-agricultural alternatives to tobacco. Dedicating a small portion of the tobacco excise tax increases, likely to be a funding component of health care reform, should be seen as an opportunity to effectively face the inevitable decline in tobacco agriculture. With consumption dropping, exports rising and manufacturing and farming jobs being taken overseas by the tobacco industry, actions must be taken to address the needs of tobacco growing regions. If action is not taken, the agricultural economies of many states will be in jeopardy.

To close this portion of my remarks, the costs of administering the No Net Cost Program and related tobacco activities should be born by the industry which benefits most from its programs.

Mr. Chairman, and members of the Subcommittee, I want to turn my attention to an issue of great importance to the health of the American public -- the need to give the necessary authorities to the Food and Drug Administration to ensure that tobacco products are regulated in the manner in which they are manufactured, distributed, sold, labeled, advertised and promoted.

The FDA is the lead agency charged with ensuring that products which we ingest, apply to our skin or implant are properly regulated. It seems inconceivable that for the last thirty years there has little or no action on the part of Congress or our regulatory agencies to bring this nation's single most preventable cause of death in line with the way other products are regulated. But there is hope that this will change in the near future, due in large measure to the leadership of the Chairman of this Subcommittee.

On February 25th the Coalition on Smoking Or Health received a letter from FDA Commissioner Kessler which indicated that there was growing evidence that tobacco products could in fact be regulated as "drugs" The Coalition had filed a number of petitions with the FDA beginning in 1988. It was our view that the tobacco industry had crossed over the statutory line in that they were in the business of selling products both "intended to mitigate and prevent disease" (i.e. low tar/low nicotine claims) and products "intended to affect structure and function" of the body (i.e. addiction). The end result of subjecting tobacco products to FDA regulation under the "drug" provisions of the Act would most likely mean that cigarette products would have to be pulled from the market in that such products could not meet the new drug application requirements under the Act. Commissioner Kessler made such an observation before this Subcommittee several weeks ago.

Dr. Kessler indicated in the letter to the Coalition as well as in his testimony before this Subcommittee that he wants to work with Congress to find a solution to the tobacco and health problem once and for all. If a ban on cigarettes is not the answer, comprehensive regulation clearly is. The present situation from a public health standpoint is intolerable. It makes no logical sense that this nation's single most preventable cause of death is also its least regulated. We are pleased to support H.R. 2147, legislation introduced by Congressmen Synar and Durbin that would create a new chapter under the Food Drug and Cosmetic Act, assuring proper regulation of tobacco products without actually banning them. Such action would hold the tobacco industry accountable for the first time for them manner in which they manufacture, sell, label and market their deadly wares.

We disagree with the tobacco industry that claims that the agency is already burdened with more important matters. In fact we can not think of a more important public health issue deserving attention than that of tobacco. The health statistics for this addictive killer are clear. The need for policy action is also clear. We wish to point out that the regulatory apparatus needed to control the abuses of the tobacco industry pale when compared to the food,pharmaceutical,and medical device industries. There are literally a handful of companies producing cigarettes in this country, two of which make up more than 60% of the market. There are fewer than 400 brands of cigarettes on the market, and even fewer, smokeless tobacco, pipe tobacco, and cigar products on the market. The health benefits for the consuming public as well as the thousands of children who the industry seduces each and every day obviously outweigh the the regulatory costs. In addition, H.R. 2147 contains provisions that would ensure that regulation would be funded through users fees paid by the tobacco companies based on market share of each brand. We can't think of an industry more deserving of paying user fees for the privilege of allowing their products to remain on the market than the tobacco industry.

This subcommittee should use its appropriations authorities over the FDA to ensure that the FDA is, absent the authorizing legislation of H.R. 2147, given sufficient funds to move forward with regulating cigarettes as drugs. The tobacco industry has crossed the statutory line and like any other industry that wishes to sell their products as "drugs" should be forced to adhere to the law.

At a minimum the FDA should initiate enforcement actions against all low-tar, low-nicotine cigarettes since the products are, in our view, making misleading and deceptive health claims. In a Gallup survey conducted by our organizations last year almost 3/4 of those surveyed clearly understood the message contained in these product advertisements to be messages of safety, causing less cancer and addiction.

We encourage the Subcommittee to include report language encouraging the FDA to take the incremental step towards tobacco regulation by prohibiting the use of low-tar and low-nicotine cigarette advertising and labeling unless such claims can be scientifically established to have a measurable health benefit.

FOLIC ACID

WITNESS

ADRIANNE BENDICH, HOFFMAN-LaROCHE

Mr. SKEEN. Dr. Adrianne Bendich, Hoffman–LaRoche.

Your full testimony will be made a part of the record.

Ms. BENDICH. Thank you. I am Dr. Adrianne Bendich and I make these comments on behalf of Hoffman–LaRoche, a corporation of the State of New Jersey.

The U.S. Public Health Service has made a formal recommendation that all women of childbearing potential consume 400 micrograms of folic acid daily for the purpose of preventing neural tube birth defects which are the leading cause of paralysis in the United States.

Moreover, FDA has approved the health claim and Commissioner Kessler, along with the March of Dimes, have publicly endorsed the use of folic acid contained in multi-vitamins for women of childbearing potential.

I am testifying today to request that the subcommittee include language in the fiscal year 1995 agricultural appropriations bill urging the Food and Nutrition Service to remove the restrictions concerning the purchase of vitamins with food stamps so that poor women of childbearing age can have the same access to the recommended level of folic acid daily as all other women.

Organizations such as the March of Dimes and the Spina Bifida Association have also suggested the poor women should have the same access to supplements as other women and food stamp regulations should not hamper their access.

We have made an actual shopping trip to purchase the foods recommended to reach the target 400 micrograms of folic acid daily from natural sources and two registered dieticians had to spend 30 hours developing one week's worth of menus that include the portions needed to meet this and almost all other nutritional recommendations. A cashier's receipt is attached and documents the need for a woman to spend over $100 a week to reach the Public Health Service folic acid recommendation.

Is it practical to expect most women regardless of education to learn the folic acid content of dozens of foods and calculate intake each day?

In addition, it should be noted that the costs involved in meeting the recommendation are much greater than the costs of supplements. A 52-week supply of multi-vitamin supplements costs about $30.

To avoid misunderstanding, we are 100 percent in favor of women, and for that matter, all Americans, consuming the best diets they can, full of fresh fruits and vegetables, whole grains and other nutritious foods. However, our objective is to find a practical way for poor women to safely and economically achieve intakes of 400 micrograms of folic acid every day during their childbearing years.

The current food stamp regulations, which should help to optimize diet, actually limit the options for poor women in meeting these recommendations. We have a clear opportunity to reduce the human suffering and lifetime trauma that accompanies these tragic birth defects.

Implementation of the health claim for all women is economically important because the potential health care savings would be very large. The total lifetime cost of care of one child with spina bifida estimated to be about $300,000 and would be substantially reduced by the expected significant decrease in the annual rate of 2500 affected births per year.

In addition to reducing the risk of serious birth defects, the use of vitamin supplements by poor women has significantly reduced the risk of low birth weight babies. Low birth weight is the second leading cause of infant mortality in the United States. Birth defects is the leading cause.

In conclusion, the recommendation to amend the list of products approved for food stamp reimbursement is a practical means to help poor women have equal access to folic acid contained in multivitamin mineral supplements. No added costs would be involved because this change simply increases the choices available to poor women.

Poor women deserve the same access to the means of preventing birth defects and lowering their risk of having lower birth weight babies as all other women.

We are very hopeful that the subcommittee will address this issue favorably.

Thank you so much.

Mr. SKEEN. Thank you, Doctor, very much for your testimony.

May I ask you one question of the 26-something nutritional programs we have, none of them would cover this kind of a purchase? Like Women, Infants and Children or Pregnant Women?

Ms. BENDICH. Well, the WIC program has their enrollment usually when women have passed the time when the birth defects have occurred.

Mr. SKEEN. I understand that.

Ms. BENDICH. So the WIC program does not address women of childbearing potential.

Mr. SKEEN. So it is a nutritional program for those women who are pregnant.

Ms. BENDICH. That is right. But if you want to——

Mr. SKEEN. But that is too late?

Ms. BENDICH. Yes. That is right. Exactly. That is the exact point.

Mr. SKEEN. That is the point you want to make.

Ms. BENDICH. That what we know——

Mr. SKEEN. The food stamp program is the only access that you think we have.

Ms. BENDICH. It is the only universal access because 50 percent of pregnancies in the United States are unplanned.

Mr. SKEEN. Any precedent for any other purchase of vitamins or nutritional additives or nutritional support, pharmaceuticals or vitamins under the food stamp program? Are they totally prohibited or——

Ms. BENDICH. Well, let me show you the—I guess I gave it to Carol Murphy. The notice that is put up in front of the cashiers says you cannot buy alcohol, tobacco or vitamins.

Mr. SKEEN. Folic acid is classed as a vitamin.

Ms. BENDICH. It is a B vitamin.

Mr. SKEEN. I see. Okay. That clears it up for me.

Thank you very much for your testimony.

Mr. DURBIN. May I ask, has it been verified that folic acid through vitamin supplements is as effective as folic acid through natural food?

Ms. BENDICH. Well, actually all of the studies have been done with supplements. We have very little data on food folates being effective in this regard.

Mr. DURBIN. And, as I understand it, with the pregnant woman or woman who is taking folic acid and is also smoking that has some impact on the folic acid, does it not?

Ms. BENDICH. Yes. In fact, next week we will have the FALSB meeting which is all of the scientists coming together and one of the abstracts that is going to be presented shows that a woman who smokes has to take three times the level of folic acid to get to the same blood level as a non-smoking woman. And, of course, smoking affects vitamin C levels and it affects many other micronutrients as well but it does adversely affect folic acid.

Mr. SKEEN. Would the chairman yield?

Mr. DURBIN. Happy to yield.

Mr. SKEEN. With all the additives that we have heard about in tobacco, it is a wonder that we do not put folic acid in there.

Mr. DURBIN. Thanks for your testimony and your patience today.

Ms. BENDICH. Thank you. I saw you both on C–SPAN. You did great.

Mr. DURBIN. Oh, is that right? Thank you.

[The statement follows:]

Agricultural, Rural Development, Food and Drug Administration, and Related Agencies
Subcommittee on Appropriations Meeting
April 19, 1994
Room 2362, Rayburn Building

Written Comments Concerning the Food Stamp and WIC Programs and their Importance in Implementing the Health Claim for Folic Acid and Prevention of Neural Tube Birth Defects in Poor Women

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These comments are submitted on behalf of Hoffmann-LaRoche Inc. (Roche), a corporation of the state of New Jersey. Roche is an interested party as a manufacturer and distributor of bulk vitamins to the food and dietary supplement industries.

We are very pleased to have the opportunity to speak to the Committee again this year. As discussed, neural tube defects are among the most serious birth defects, occurring at a rate of 1 per thousand in the 6 million pregnancies/year. The two major types of neural tube defects include anencephaly, where the brain is missing and death usually occurs in the days or weeks following birth; and spina bifida, which is the leading cause of paralysis in the U.S., and also involves loss of bowel and bladder function and may involve mental retardation.

Last year, it was clear to many researchers that women who took folic acid-containing multivitamins had a significantly lower risk of having a pregnancy affected with this serious, life threatening defect. Since our last testimony on March 24, 1993, many important changes have occurred regarding the acceptance of the critical role of folic acid-containing multivitamins and the prevention of neural tube birth defects (NTD). **The U.S. Public Health Service has formally recommended that all women of childbearing potential consume 400 micrograms of folic acid each day for the purpose of preventing neural tube birth defects (NTD). FDA has approved the health claim and Commissioner Kessler, along with the March of Dimes, have publicly endorsed the use of folic acid-containing multivitamins for women of childbearing potential. In their joint press conference on January 12, 1994, Commissioner Kessler said, "Today, what can a woman do to consume 400 micrograms of folic acid? She has several options. First, she can take a multi-vitamin containing 400 micrograms of folic acid.... A second option for women is to eat a sufficient amount of foods rich in folate. Foods like citrus fruits and juices, dark green leafy vegetables, beans and other legumes, and whole grains. Whether a woman chooses to take a supplement or focus on eating foods rich in folate, it will take a consistent commitment to do what it takes to meet the daily target. Third, she can do both."**

I am testifying today to request that the Subcommittee include language in the FY95 Agriculture Appropriations bill urging the Food and Nutrition Service to amend their regulations to remove the restrictions concerning the purchase of vitamins with Food Stamps, so that poor women of childbearing age can have the same access to the recommended level of folic acid daily as all other women. Last year, we suggested that the USDA regulations be amended so that Food Stamps could be used to purchase folic acid-containing multivitamins. As Chairman Durbin commented last year, it is surprising that multivitamin supplements cannot be purchased with Food Stamps while soda, potato chips, chewing gum and other foods containing very low levels of essential micronutrients can be purchased.

We have distributed over one million pamphlets, booklets, reprints and other materials to physicians, writers and educators concerning the importance of folic acid-containing multivitamins for all women of childbearing potential. Organizations, such as the March of Dimes and the Spina Bifida Association have also been involved in increasing the awareness of the public. However, implementation of the recommendation appears to be blocked for poor women. Many other organizations and academicians have also suggested that poor women should have the same access to supplements as other women, and Food Stamp regulations should not hamper their access. This is especially important at the present time because these are the very women that are most at risk for problem pregnancies, and the health claim is presently limited to folic acid-containing supplements, since FDA's proposed grain fortification program has not yet been finalized. Moreover, because of technical difficulties and lack of consensus among FDA advisors, it appears that final fortification regulations will be delayed for some time.

We have made an actual shopping trip to purchase the foods recommended to reach the target 400 micrograms of folic acid daily from natural sources and two registered dieticians spent 30 hours developing one week's worth of menus which include the portions needed to meet this and almost all other nutritional recommendations. The cashier's receipt is appended and documents that a woman would have to spend over $100.00 each week to reach the recommended level of folic acid. It was obvious from doing this that a woman would have to spend a great deal of time, effort and expense to be sure that she had consumed the recommended level of folic acid every day, and that this would also require considerable knowledge on her part. She also would have to be very careful not to destroy the folic acid in the vegetables by cooking them, as folic acid is destroyed by heat. Is it practical to expect most women, regardless of education, to learn the folic acid content of dozens of foods, and calculate intake each day? In addition, it should be noted that the costs involved in meeting the recommendation are much greater than the cost of supplements. The March of Dimes estimates the annual cost of multivitamins/person to be about $30.00.

To avoid misunderstanding, we are 100% in favor of women, and for that matter, all Americans consuming the best diets they can, full of fresh fruits and vegetables, whole grains and other nutritious foods. However, our major objective is to find a practical way by which poor women can safely and economically achieve intakes of 400 micrograms of folic acid every day during their childbearing years, as recommended by the U.S. Public

Health Service and the FDA in it's recently approved health claim. The current Food Stamp regulations, which should help to optimize the diet, actually limit the options for poor women in meeting these recommendations.

The U.S. Public Health Service's folic acid recommendation is based on the convincing clinical studies which show that folic acid-containing multivitamins taken before conception and during the early months of pregnancy reduced the risk of this crippling, debilitating, and at times, life-threatening birth defect (NTD) by up to 70%. We want to emphasize that these studies used supplements and that the women who had a higher incidence of NTD were eating their normal diets.

Background Information

Because most serious birth defects develop during the first few weeks of pregnancy, the preventive effect of folic acid-containing multivitamins is only seen when women take them during the period beginning before conception and continuing through the early weeks of pregnancy. This is referred to as the periconceptional period. Data from a placebo-controlled, double-blind study, published in the New England Journal of Medicine in December, 1992, showed that middle-income women (with presumably better diets than poor women) who took folic acid-containing multivitamin prenatal supplements daily for at least one month prior to conception and throughout pregnancy had no babies with NTD and half the number of all types of birth defects compared to the placebo group (i.e., those eating their normal diets without supplementation), who had six NTD-affected pregnancies. In March, 1993, in the Journal of the American Medical Association, a confirmatory case-control study was published which showed that women who took a daily multivitamin supplement containing 100% of the RDI of folic acid for adults (400 micrograms) had a 60% reduced risk of having an NTD-affected pregnancy.

Current Status

These studies added convincing, further proof to a large body of earlier work pointing to the importance of folic acid in the prevention of NTD. The compelling scientific evidence has resulted in the approval of the health claim by FDA. Thus, we have a clear opportunity to reduce the human suffering and lifetime trauma that accompanies these tragic birth defects, through a safe, simple and inexpensive modality. The emotional as well as monetary costs involved with therapeutic abortions because of neural tube defects would also be significantly reduced. In addition, implementation of the health claim for all women is economically important because the potential health care savings would be very large. The total lifetime costs of care of a child with spina bifida, estimated by the Spina Bifida Association at $300,000, would be substantially reduced because of an expected significant decrease in the annual rate of 2500 affected births.

Proposal:

We propose that the Subcommittee direct the Food and Nutrition Service to amend the regulations to remove the restrictions concerning the purchase of vitamins with Food Stamps. The attached appendix lists specific criteria for the products which could qualify; essentially, allowable supplements would be those containing vitamins or vitamins and minerals not in excess of 100% of the recommended daily intake (RDI) established by the FDA, with folic acid present, of course, at the 100% (400 microgram) level.

In addition, we acknowledge the importance of the WIC program as a primary program for educating poor women about the need to take folic acid-containing supplements every day. The WIC program also can be used to provide information about good food choices including those containing folic acid. While the WIC program may seem to be an appropriate vehicle for dispensing supplements, the majority of women who enter the WIC program are already past the point in their pregnancies when serious birth defects can be prevented, and the program does not reach all poor women of childbearing potential. Even though a high proportion of women enter WIC during their second trimester of pregnancy, their children receive benefits for the first five years of life and many WIC mothers become pregnant again before the first child is five years old. Thus, there is a unique opportunity for the WIC program to educate participants about the importance of maintaining the habit of daily vitamin use between pregnancies, even though it may not address their first pregnancy at an early enough stage. Overall, the WIC program is of great importance in the implementation of the PHS recommendation.

There is, in addition, a second mechanism for increasing critical intakes for WIC participants by assigning priority designations to folic acid and other micronutrients. For example, WIC coupons could be issued for the purchase of breakfast cereals which contain 100% of the RDI of folic acid and other essential vitamins and minerals, as well as the already designated priority nutrient, iron. We are well aware that not every WIC participant may choose to consume a daily multivitamin supplement, and therefore the option of consuming a fully-fortified breakfast cereal either in place of or in addition to the supplement may increase compliance.

Other Consequences for WIC Participants:

We are very pleased that the Administration has highlighted the importance of the WIC program and plans to increase coverage to all eligible persons.

It is especially important for the Subcommittee to understand that the women who use Food Stamps and are enrolled in the WIC program are at increased risk for nutrient deficiencies. Many are teens, smoke cigarettes, drink alcohol, use both legal and illegal drugs, are dieting or eating less than optimal diets. By providing for folic acid-containing multivitamins to be covered by Food Stamps, there may be many other benefits to this population. For instance, low birth weight (LBW) is the second leading cause of infant mortality in the U.S., second only to birth defects which is the leading cause of infant death. It should be noted parenthetically that something is seriously amiss in the U.S., since we rank 23rd among industrialized nations in infant mortality, despite our plentiful food supply and medical technology. While LBW is caused by various factors, an important one is iron deficiency anemia, which increases the risk of LBW three-fold. Therefore, it is critical that iron status be maintained at adequate levels. Women could be advised to choose readily available supplements containing both iron and folic acid.

It has been clearly demonstrated that smoking decreases vitamin C status, as well as folic acid status. Vitamin C improves (nonheme) iron absorption, especially when iron status is low. Nonheme iron is the form of iron mainly found in grains. Since about 30% of U.S. women, including WIC participants, smoke, use of a multivitamin containing not only folic acid, but also iron and vitamin C would have many benefits on the nutritional status of women of childbearing potential. Obviously, reducing the number of LBW infants born to poor mothers would have a significant positive impact on lowering health care costs.

Conclusions:

The recommendation to amend the list of products approved for Food Stamp reimbursement is a practical means to help poor women have equal access to folic acid-containing multivitamin/mineral supplements. No added costs would be involved because this change simply increases the choices available to poor women, by giving them the opportunity to choose rational dietary supplements rather than some of the nutritionally poor foods presently allowed. Hopefully, with the added educational emphasis already funded in the WIC program to specifically inform their participants of the importance of daily consumption of 400 micrograms of folic acid, Food Stamp recipients will be encouraged to use the Food Stamps to purchase more nutritious foods as well as multivitamin/mineral supplements, which are classified as special dietary foods by FDA. Poor women deserve the same access to the means of preventing birth defects and lowering their risk of low birth weight babies as all other women. We are very hopeful that the Subcommittee will address this issue favorably.

ab/4/8/94

PROPOSED CRITERIA FOR MULTIVITAMIN SUPPLEMENT
FOR INCLUSION IN THE FOOD STAMP PROGRAM

PRODUCT CRITERIA:

- MULTIVITAMIN TABLET, CAPSULE OR LIQUID, CONTAINING 0.4 mg (400 micrograms) OF FOLIC ACID, 10 OR MORE OF THE ESSENTIAL VITAMINS, AND ESSENTIAL MINERALS
- MEETS ALL APPLICABLE USP PURITY AND QUALITY STANDARDS, INCLUDING EXPIRATION DATING
- MEETS ALL CURRENT FDA SUPPLEMENT LABELING REGULATIONS
- CONTAINS NO NON-NUTRITIVE ACTIVE INGREDIENTS, ALCOHOL OR TABLETTING EXCIPIENTS NOT APPROVED BY FDA
- MEETS ALL FDA REQUIREMENTS FOR WARNING STATEMENTS AND APPLICABLE REQUIREMENTS FOR SAFETY CLOSURES

Appendix II: Diets Containing 400 Micrograms of Folate

The objective of this project was to develop one week's worth of meals that would contain 400 micrograms of folate from commonly available natural sources. In addition, the seven day diet would meet the RDAs for calories, protein, and essential vitamins and minerals as well as provide a variety of palatable foods.

The following seven day diet was completed by two registered dieticians utilizing the Nutritionist III nutrient analysis software package. In total, the project took over 30 hours to complete.

Since the primary objective was to develop daily diets containing 400 micrograms of folate, this was the first criteria met. Thus, each of the seven daily diets contains at least 400 micrograms of folate. The diets also follow the guidelines of the U.S. Department of Agriculture's Food Guide Pyramid. The caloric content of each of the daily diets range from 2100 - 2300 kcals, the level recommended for most teenage girls and active women. The average vitamin/mineral content for each of the seven daily diets meets the RDA levels with the exception of iron and zinc which are still below recommended levels.

Day 1

Food, Amount	Folic Acid, mcg
Orange juice (froz, diluted), 3/4 C	82
Whole wheat toast, 2 slices	30
Peanut butter (smooth), 2 Tbsp	26
Banana, 1 medium	22
Turkey (lt, no skin, roast) 3oz	5
Whole wheat bread, 2 slices	31
Lettuce (iceberg, chopped), 1 C	38
Tomato, 1 medium	12
Carrot, 1 medium	10
Mayonnaise, 1 Tbsp	<1
Milk (lowfat), 1 C	12
Chicken, breast without skin, 3 oz	3
Baked potato (no skin), 1 medium	14
Broccoli (fresh, cooked), 1/2 C	54
Orange, 1 medium	40
Milk (lowfat), 1 C	12
Margarine, 1 Tbsp	<1
Sour cream, 1 Tbsp	2
Cupcake (Devil's food/icing), 1	2
Snacks:	
Pretzels (thin twists), 10	10
Apple Juice, 3/4 C	<1
	405 mcg

Calories: 2138 kcal
Protein: 20%
Carbohydrate: 52%
Fat: 29%
Folic Acid: 405 mcg

Day 2

Food, Amount	Folic Acid, mcg
Orange Juice (frozen/diluted), 3/4 C	82
Oatmeal (regular, quick-cook), 1 C	9
Brown sugar, 1 Tbsp	<1
Liverwurst, 2 oz	16
Rye bread, 2 slices	20
Carrot, 1 medium	10
Canteloupe, 1 C	27
Milk (lowfat), 1 C	12
Mustard, 1 Tbsp	<1
Soda (cola), 12 oz	0
Hamburger, 3 oz	7
Hamburger bun, 1	15
Tossed salad:	
Lettuce (iceberg), 1/2 C chopped	19
Spinach, 1/2 chopped	54
Tomato, 1/2	6
Pork & beans, 1/2 C	47
Banana, 1 medium	22
Milk (lowfat), 1 C	12
Catsup, 1/4 C	3
Snacks:	
Crackers (animal), 18	4
Strawberries (raw, whole), 1/2 C	13
Yogurt (lowfat, plain)	25
	403 mcg

Calories: 2111 kcal
Protein: 16%
Carbohydrate: 58%
Fat: 26%
Folic Acid: 403 mcg

Day 3

Food, Amount	Folic Acid, mcg
Egg (poached), 2	48
Pink grapefruit, 1/2	12
Wheat toast, 2 slices	31
Margarine, 2 tsp	<1
Orange Juice (frozen/diluted), 3/4 C	82
Tomato soup (canned, prepared with milk), 2 C	42
Tossed salad:	
Lettuce (Iceburg), 1 C chopped	38
Tomato, 1 medium	12
Dinner roll (cloverleaf)	13
Milk (lowfat), 1 C	12
Margarine, 1 Tsp	<1
Turkey (lt, no skin), 4oz	7
Sweet potato (baked), 1 medium	26
Broccoli (fresh, steamed), 1/2 C	54
Peaches (canned, heavy syrup), 1/2 C	4
Milk (lowfat), 1 C	12
Gravy (chicken), 4 Tbsp	<1
Snacks:	
Pretzels (thin twists), 10	10
Soda (cola), 12 oz	0
Cookies (chocolate chip), 3	3
	406 mcg

Calories: 2229 kcal
Protein: 18%
Carbohydrate: 56%
Fat: 27%
Folic Acid: 406 mcg

Day 4

Food, Amount	Folic Acid, mcg
Yogurt (plain, lowfat), 1 C	25
Banana, 1 medium	22
Grapefruit Juice (frozen conc.), 3/4 C	7
Spinach salad:	
Spinach (chopped), 1 C	108
Egg (hard cooked), 1	24
Mushrooms (fresh), 1/2 C sliced	7
Bacon bits, 1 Tbsp	<1
Dinner roll (cloverleaf), 1	13
Orange, 1 medium	40
Milk (lowfat), 1 C	12
Margarine, 1 Tsp	<1
Salad dressing (oil/vinegar, homemade), 2 Tbsp	<1
Spaghetti with clam sauce:	
Spaghetti, 2 C	34
Chopped clams (canned), 3 oz	<1
Garlic, 1 clove	<1
Olive oil, 1 Tbsp	<1
Tossed salad:	
Lettuce (iceberg), 1 C chopped	38
Green pepper, 1/2 C	8
Roll (cloverleaf), 1	13
Pineapple tidbits (canned), 1/2 C	6
Margarine, 1 tsp.	<1
Snacks:	
Peanut butter, 2 Tbsp.	26
Saltine crackers, 16	6
Milk (lowfat), 1 C	12
	401 mcg

Calories: 2114 kcal
Protein: 15%
Carbohydrate: 49%
Fat: 36%
Folic Acid: 401 mcg

Day 5

Food, Amount	Folic Acid, mcg
Cream Cheese, 1/2 oz	2
Bagel, 1	13
Orange Juice (frozen/diluted), 3/4 C	82
Egg salad sandwich:	
Egg (hard cooked), 1	24
Mayonnaise, 1 Tbsp	<1
Whole wheat bread, 2 slices	31
Tomato, 1/2 medium	6
Orange, 1 medium	40
Milk (lowfat), 1 C	12
Fish sticks (breaded, frozen), 3 oz	20
Green beans (frozen), 1 C	44
Sweet corn (canned), 1/2 C	30
Dinner roll (cloverleaf), 1	13
Fresh fruit cup:	
Canteloupe, 1 C	27
Strawberries (raw, whole), 1/2 C	13
Milk (lowfat), 1 C	12
Snacks:	
Wheat crackers, 16	5
Peanut butter, 2 Tbsp	26
Soda (cola), 12 oz	0
Cupcake (Devil's food/icing)	2
	402 mcg

Calories: 2141 kcal
Protein: 14%
Carbohydrate: 53%
Fat: 33%
Folic Acid: 402 mcg

Day 6

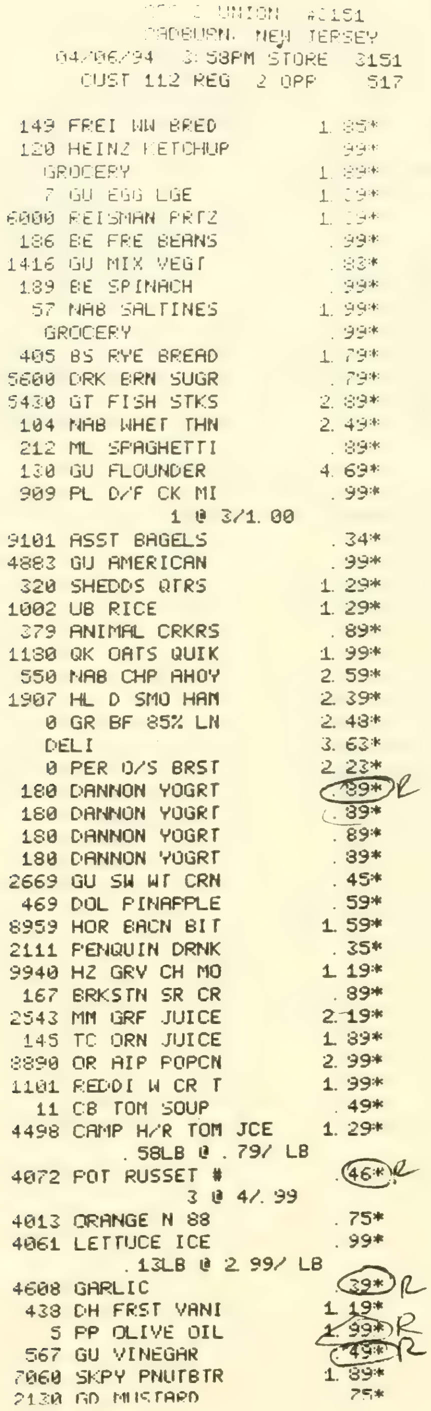
Food, Amount	**Folic Acid, mcg**
Oatmeal (regular, quick-cooking), 1 C	9
Orange juice (frozen/diluted), 3/4 C	82
Banana, 1 medium	22
Grilled cheese sandwich:	
Cheese (American), 2 oz.	4
Whole wheat bread, 2 slices	31
Margarine, 2 Tsp	<1
Lettuce (iceberg, chopped), 1 C	38
Carrot (shredded), 1/2 C	8
Grapes, 1/2 C	2
Soda (cola), 12 oz	0
Salad dressing (low calorie), 2 Tbsp	<1
Chicken breast without skin, 4 oz.	4
Spinach (frozen), 1/2 C	110
White rice, 1 C	23
Apple, 1 medium	4
Milk (lowfat), 1 C	12
Margarine, 2 tsp.	<1
Snacks:	
Peanut butter, 2 Tbsp	26
Saltine crackers, 12	6
Yogurt (plain, lowfat), 8 oz	25
	406 mcg

Calories: 2226 kcal
Protein: 18%
Carbohydrate: 51%
Fat: 30%
Folic Acid: 406 mcg

Day 7

Food, Amount	Folic Acid, mcg
Broccoli & cheese omelette:	
Broccoli (fresh), 1/2 C	31
Cheese (American), 1 oz	2
Eggs, 2	48
Milk (lowfat), 1/4 C	3
Bacon, 2 strips	1
Whole wheat toast, 2 slice	30
Orange juice (frozen/diluted), 3/4 C	82
Margarine, 1 Tsp	<1
Ham sandwich:	
Ham, 2 oz	2
Whole wheat bread, 2 slices	31
Carrot, 1 medium	10
Mustard, 2 Tsp	<1
Wheat crackers, 12	4
Peaches (canned, heavy syrup), 1/2 C	4
Milk (lowfat), 1 C	12
Tomato juice, 3/4 C	36
Flounder with lemon juice, 3 oz	10
Mixed vegetables (frozen), 1 C	35
Dinner roll (cloverleaf), 1	13
Strawberries (raw, whole), 1 C	26
Whipped topping, 2 Tbsp	<1
Margarine, 3 tsp.	<1
Soda (cola), 12 oz	0
Snacks:	
Popcorn (air-popped), 2 C	0
Yogurt (plain, lowfat), 8 oz	25
Fruit punch, 8 oz	3
	408 mcg

Calories: 2271 kcal
Protein: 18%
Carbohydrate: 51%
Fat: 30%
Folic Acid: 408 mcg



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   04/06/94   3:58PM STORE  3151
     CUST 112 REG  2 OPP     517

 149 FREI WW BRED          1.85*
 120 HEINZ KETCHUP          .99*
   GROCERY                 1.89*
   7 GU EGG LGE            1.09*
6000 REISMAN PRTZ          1.19*
 186 BE FRE BEANS           .99*
1416 GU MIX VEGT            .83*
 189 BE SPINACH             .99*
  57 NAB SALTINES          1.99*
   GROCERY                  .99*
 405 BS RYE BREAD          1.79*
5600 DRK BRN SUGR           .79*
5430 GT FISH STKS          2.89*
 104 NAB WHET THN          2.49*
 212 ML SPAGHETTI           .89*
 130 GU FLOUNDER           4.69*
 909 PL D/F CK MI           .99*
            1 @ 3/1.00
9101 ASST BAGELS            .34*
4883 GU AMERICAN            .99*
 320 SHEDDS QTRS           1.29*
1002 UB RICE               1.29*
 379 ANIMAL CRKRS           .89*
1130 QK OATS QUIK          1.99*
 550 NAB CHP AHOY          2.59*
1907 HL D SMO HAM          2.39*
   0 GR BF 85% LN          2.48*
   DELI                    3.63*
   0 PER O/S BRST          2.23*
 180 DANNON YOGRT           .89* R
 180 DANNON YOGRT           .89*
 180 DANNON YOGRT           .89*
 180 DANNON YOGRT           .89*
2669 GU SW WT CRN           .45*
 469 DOL PINAPPLE           .59*
8959 HOR BACN BIT          1.59*
2111 PENQUIN DRNK           .35*
9940 HZ GRV CH MO          1.19*
 167 BRKSTN SR CR           .89*
2543 MM GRF JUICE          2.19*
 145 TC ORN JUICE          1.89*
8890 OR AIP POPCN          2.99*
1101 REDDI W CR T          1.99*
  11 CB TOM SOUP            .49*
4498 CAMP H/R TOM JCE      1.29*
         .58LB @ .79/ LB
4072 POT RUSSET #           .46* R
             3 @ 4/.99
4013 ORANGE N 88            .75*
4061 LETTUCE ICE            .99*
         .13LB @ 2.99/ LB
4608 GARLIC                 .39* R
 438 DH FRST VANI          1.19*
   5 PP OLIVE OIL          1.99* R
 567 GU VINEGAR             .49* R
7060 SKPY PNUTBTR          1.89*
2130 GD MUSTARD             .75*
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4072 POT RUSSET #             .40*
             1 @ 4/ 99
4013 ORANGE N 88              .75*
4061 LETTUCE ICE              .99*
         .33LB @ 2.99/ LB
4608 GARLIC                   .39*   R
 408 OH FRST VANI            1.19*
   5 PP OLIVE OIL            1.99*   R
 567 GU VINEGAR               .49*   R
7060 SKPY PNUTBTR            1.89*
2130 GD MUSTARD               .75*
             1 @ 2/.99
4033 LEMONS                   .50*
5171 CARROT CA 1#             .69*
            1 @ 2/1.69
4281 GFT RED LG               .85*
 634 COKE CLASSIC            2.79*X
6504 HM MAYONAISE            1.09*
 700 CHOPPED CLAM             .99*
          .58LB @ .79/ LB
4074 YAMS                     .46*
1065 DM PEACHES               .89*
4817 G.U.  2% MILK           2.72*
4741 GU CRM CHESE             .99*
2225 GU APPLE JCE             .99*
4049 CANTALOUPE 5            1.99*   R
        1.58LB @ .69/ LB
4011 BANANAS                 1.09*
5347 SPINACH 10Z             1.99*
          .38LB @ 2.99/ LB
4085 MUSHROOMS #             1.14*   R
6140 CHUNK BRAUNS            1.99*
2949 CB PORK&BEAN             .47*
          .64LB @ 1.29/ LB
4016 APP R/D LRG              .83*
4248 STRAWBRY QT             2.89*
          .38LB @ 1.49/ LB
4065 PEPPER GREEN             .57*
4060 BROCCOLI                 .89*   R
5158 TOM FCY 4PK             1.99*
        1.93LB @ .99/ LB
4022 GPS WHT S/L             1.91*
            TOTAL    $  107.18
            NON-CASH    107.18

           SUBTOTAL     107.01
           TAX PAID        .17

           .00 CHANGE

         ORDER SUMMARY
       73    ITM/TOTAL     107.01

ENJOY INSTANT SAVINGS WITH YOUR
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FDA AND USDA PROGRAMS

WITNESS

ALLEN ROSENFELD, DIRECTOR OF GOVERNMENT AFFAIRS, PUBLIC VOICE FOR FOOD AND HEALTH POLICY

Mr. DURBIN. Alan Rosenfeld of Public Voice.

Thank you as well for your patience.

Mr. ROSENFELD. Good evening, Mr. Chairman, and members of the committee. I am Alan Rosenfeld, Director of Government Affairs for Public Voice for Food & Health Policy and joining me today is Caroline Smith-Devall, our Director of Legal Affairs, who is also our expert on the Food & Drug Administration's seafood safety programs.

Public Voice is a national non-profit research education advocacy organization working to ensure access to an affordable, safe and nutritious food supply.

The decisions facing this committee on funding for the Food & Drug Administration and the Department of Agriculture have crucial implications for food safety, environmental quality and the health of our children.

I want to focus the lion's share of my remarks on the Food & Drug Administration's implementation of its seafood safety program. We are very, very concerned that the Clinton Administration's 1995 budget proposal for FDA would starve its top food safety agency. It contains a 43 percent cut in public funding for FDA's food program from 221 to 125 million dollars.

This public funding is supplemented by $93 million in fictitious user fees, bringing the total budget figure using smoke and mirrors to 221 million, which is the same level as the agency received in 1994.

This is taking the agency, we feel, in exactly the wrong direction further undermining its ability to ensure food safety.

F.D.A.'s current inspection program for seafood processors threatens to undermine effective implementation of the agency's proposed HACCP program. An effective HACCP program, which is hazard analysis critical control, is a critically needed first step to improve seafood safety.

The agency's existing inspection force, which includes about 400 inspectors for over 500,000 processing plants, is simply not sufficient to oversee the adoption of HACCP. Unless FDA is given the capability to either maintain or increase its current inspection frequency, we are concerned that HACCP will wind up being little more than an industry honor system.

F.D.A. officials admit that during the initial approval of HACCP time needed to conduct processing plant inspections will double. Without more inspections, therefore, the time between federal inspections will therefore double to two years for high risk seafood processors and five to six years for all others. As a result, consumers will have no assurance from FDA that the seafood being produced under HACCP will actually be any safer and, in fact, it may be less safe due to the lengthy delay between inspections.

During these long lags between inspections, plants may produce over 10,000 records mandated by HACCP for FDA to review, an impossible job without more inspectors. Properly implemented, HACCP will be a tremendous step forward in improving the safety of seafood. The early years following approval of final seafood HACCP regulation are critical to assure that the program is effectively adopted by each processor.

F.D.A. cannot buy back consumer confidence in seafood with an industry honor system. Instead, the agency needs significant new inspection resources to ensure that HACCP really produces safer seafood products.

To address the need for more inspection resources, we recommend that this committee increase the FDA's food programs budget by at least 10 percent over the fiscal year 1994 budget and to address long-term deficiencies in the program.

In addition to this, the agency should receive an additional $10 million in dedicated funding to conduct training and increased inspections to implement its seafood HACCP regulations.

U.S.D.A.'s funding under the Clinton budget contains some important new additions to improve the health of our children. The school lunch program, for example, needs nutritional improvement and the Clinton Administration has made a commitment to deliver it.

The USDA is seeking nutrition education and training resources to assure that decisions made in Washington can be translated into healthier meals for children in Springfield and Decatur.

Public Voice supports the request for 18 million in the child nutrition program for nutrition education and training and we hope this committee will support that as well.

We also support the administration's request for an 11 percent increase in funding for the Women, Infants and Children program. This preventative health program is an indispensable, high impact investment in the health of the nation's low income children.

The administration's funding requests for a program that would promote sustainable agriculture and reduce pesticide use generally fall short of the mark unfortunately. Commitments made by Congress in the 1990 Farm Bill to promote food safety, the environment and sustainable agriculture have never been funded adequately. Continued underfunding of these programs will have unfortunate implications for the credibility of the Farm Bill process.

Public Voice recommends the following appropriations levels to improve the implementation of the 1990 Farm Bill programs: $20 million for sustainable agriculture research and education program; $8 million for the sustainable agriculture technology development and transfer program. And we heard a little bit earlier from Mr. Young from Nebraska how important these two programs are to the nation's farmers and they are also very important to the nation's consumers.

In addition, $500,000 for the National Organic Certification Program and that is the level that was requested by the administration.

And, finally, $250,000 for research on cosmetic appearance and pesticide use that was mandated in the fruit and vegetable title of the Farm Bill and has been conducted for the past two years at the Georgia Agricultural Experiment Station.

And I want to commend you personally, Mr. Chairman, for your support of the cosmetic standards issue over the past three years.

I want to thank you for the opportunity to testify and we will be happy to answer any questions regarding this testimony that you and Mr. Skeen might have.

Mr. DURBIN. Thank you very much, Mr. Rosenfeld.

Do you feel that the risk associated with seafood contamination warrants this type of investment?

Mr. ROSENFELD. We absolutely feel that is the case, Mr. Chairman. And I can point to one statistic, unfortunately, in the last year and a half that bears witness to that. We have seen about a dozen people perish from consumption of raw shellfish, particularly oysters, that were infected with vibrio prolificus which is a bacteria that tends to get into these products when they have not been inspected properly.

Unfortunately, as a result of inadequate inspection and supervision and oversight, those products were allowed to get into the food chain and American consumers paid the price as a result.

Mr. DURBIN. But is it not accurate to say that the overwhelming majority of cases that result in illness or fatal illness really are not in the seafood area but more likely in poultry and meat?

Mr. ROSENFELD. I will defer to Carolyn on this and give her an opportunity to address that, since she has paid particular attention to that issue lately.

Ms. SMITH-DEVALL. Thank you, Mr. Chairman. We are concerned about illnesses and deaths, whether they relate to either meat or poultry or seafood. The question in our mind is whether those illnesses are preventable.

In the seafood area, the National Academy of Sciences has documented that there are a lot of seafood related illnesses that are preventable if the programs were put in place effectively. And the FDA wants to do that with the HACCP program but they do not really have enough resources to adequately take care of that program and the implementation.

Meat and poultry illnesses do predominate. Seafood illnesses, however, result in between 30 and 60,000 illnesses per year.

Mr. DURBIN. Can you break that out——

Ms. SMITH-DEVALL. That is a substantial chunk.

Mr. DURBIN. Can you break that out between shellfish and other seafood?

Ms. SMITH-DEVALL. No. I cannot right off the top of my head. I would be happy to get back to you in writing on that. But shellfish are responsible for the vast majority of bacteriological illnesses. However, fin fish are responsible for illness like scrombroid toxin and sigua terra that are related to natural toxins in the water. So you cannot just point your finger at shellfish and say, well, if we correct that problem that will deal with everything. Sigua terra is a very serious problem. It causes neurological effects that last a lifetime. And scrombroid poisoning, we have a woman we work with down in North Carolina who became an activist after her husband died following just eating tuna at a restaurant.

So, I mean, there are clearly very, very harsh ramifications to the failure to adequately regulate this product.

Mr. DURBIN. When I visited the FDA laboratory in Boston, they told me something I have never forgotten for six years and that is eating raw shellfish is like unprotected sex. It kind of sticks with you. I have not been at the oyster bar in a long time since I heard that because their concern is paralytic shellfish poisoning and some other things that can be transmitted through shellfish which I used to enjoy a lot.

Well, we have gone for a little while on this but I am afraid we are getting late in the day and I thank you for your testimony. You have raised some very important issues.

Mr. Skeen?

Mr. SKEEN. I do want to thank you. It has been a very serious concern to us, the lack of the inspection and work that we have had to do to ensure that we have a supply of good seafood, nutritionally adequate and without the problems.

I share the concern about shellfish. I had not heard the simile or the analogy that you used. One was that eating raw shellfish is like playing Russian roulette because they are filtrates.

So I appreciate the work that you are doing and appreciate your testimony. Thank you very much.

Mr. DURBIN. Thanks a lot.

Ms. SMITH-DEVALL. Thank you.

[The statement follows:]

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Mark Epstein, Executive Director

TESTIMONY OF ALLEN ROSENFELD,
Director of Government Affairs
PUBLIC VOICE FOR FOOD AND HEALTH POLICY

Before the

HOUSE COMMITTEE ON APPROPRIATIONS
Subcommittee on Agriculture, Rural Development,
Food and Drug Administration and Related Agencies
Regarding

FY 1993 FUNDING FOR:
The Food and Drug Administration and
USDA Funding of Nutrition Education and
Implementation of 1990 Farm Bill Programs on
Sustainable Agriculture, Cosmetic Quality Standards, and
the National Organic Certification Program

April 19, 1994

Good afternoon, Chairman Durbin and members of the Committee. I would like to thank you for giving Public Voice this opportunity to testify before the subcommittee regarding the appropriation of FY 1995 funds for the Food and Drug Administration and for the Department of Agriculture. Public Voice is a national nonprofit research, education and advocacy organization working to ensure an affordable, safe and nutritious food supply that is produced in a manner that protects the environment. Since 1985, we have been the leading consumer advocate for a comprehensive, mandatory seafood safety program and more nutritious school meals. In addition, we have played an active role in Federal pesticide policy and sustainable agriculture policy.

The decisions facing this Committee on funding for the Food and Drug Administration and the Department of Agriculture have crucial implications on the safety of the food supply. New technologies for food safety are being heralded as providing urgently needed solutions to proven food safety problems, but the impact of budget decisions may impede the success of these programs. FDA's proposal to utilize a new food safety management system called HACCP ("Hazard Analysis Critical Control Points") is a critically needed step forward for seafood safety. But with FDA's existing inspection force, which includes about 400 inspectors for over 5000 processing plants, we are concerned that HACCP will become an industry honor system. To assure that HACCP is implemented properly and actually works to make seafood safer for consumers, Congress must provide FDA with additional inspectors. Otherwise, FDA oversight of the program will be infrequent and lack uniformity.

The school lunch program needs nutritional improvement and the Clinton Administration has made a commitment to deliver it. The USDA is seeking nutrition education and training resources to assure that the decisions made in Washington can be translated into healthier meals for children in Springfield and Decatur. We support their efforts. We also commend your support of full funding for the Women, Infants and Children Program.

This Committee should also revisit its funding decisions related to pesticide policy and sustainable agriculture. In the Food, Agriculture, Conservation and Trade Act of 1990 (FACTA or the 1990 Farm Bill), Congress mandated programs to promote food safety, environmental quality and the development of sustainable agriculture. However, those commitments have never been funded adequately to assure their implementation. As we prepare for the next reauthorization of agricultural programs in the coming year, it is important to address the many commitments that remain unfulfilled from 1990. The decisions of this committee will have important implications for the credibility of the farm bill process.

THE FOOD AND DRUG ADMINISTRATION

Proposed Budget Starves Food Safety Funding

The Clinton Administration's budget proposal contains a 43% cut in public funding for FDA's Foods Program from $221 million to $125 million, a cut even higher than the one proposed by the Bush Administration in its FY 1993 budget. This public funding is supplemented by $93 million in fictitious user fees, bringing the total budget figure using smoke and mirrors to $221, the same level as the agency received in 1994.

FDA's budget has historically been inadequate to meet its obligations to assure that foods are safe, wholesome, sanitary and truthfully labeled. Level funding of FDA's Foods Programs represents a decline in real dollars available to assure the safety of the food supply, as inflation and needed salary increases eat into these scarce budget dollars. This proposed budget would actually accelerate the starvation of FDA's food safety programs, increasing the likelihood of major food safety problems in the future.

Seafood Safety. In January of 1994, Secretary of Health and Human Services Secretary Donna Shalala and FDA Commissioner David Kessler announced a new program to improve the safety of American seafood. Called HACCP, the program mandates that seafood processors and importers develop and utilize process controls and limits.

HACCP represents a critically needed first step to improve seafood safety, which follows eight years of effort by Public Voice to spotlight inadequate government monitoring of these products. Ultimately, industry-developed and -administered HACCP will supplement and complement the efforts of FDA to regulate the seafood industry. This will reduce the continuing need for additional inspection resources, a need that has never been adequately addressed by Congress.

Unfortunately, the frequency of FDA's current inspection of seafood processors threatens to undermine effective implementation of HACCP. Estimates of FDA's seafood inspection force range from 300 to 450 inspectors, who are responsible for inspecting over 5000 processing plants and facilities. FDA targets inspections so that 1000 high risk processing plants are visited once a year and all others are visited only once every two to three years. Without additional inspectors and resources to allow FDA to visit plants more frequently, we are concerned that HACCP will be little more than an industry honor system.

Current plant and processing inspections average 20 hours per plant. Tom Billy, Director of FDA's Office of Seafood stated during public hearings on HACCP that the initial approval of HACCP plans will likely take 40 inspection hours, which is double the average hours for inspections.[1] He admitted that this would reduce the frequency of FDA's inspections.

Without additional inspectors assigned to seafood processors, the vast majority of seafood processors will be inspected by FDA only once every five to six years during the period when most of the HACCP plans are being developed and implemented in the plants. During this period, consumers will have no assurance that the seafood being produced under HACCP will actually be any better than that being produced presently.

Even the 1000 processors that FDA considers high risk (i.e. those that prepare cooked ready-to-eat products, scombroid species and smoked fish) will face a decline in inspection frequency while HACCP is being implemented. Based on Billy's estimates, FDA's inspection of high risk processors will probably decrease in frequency from once per year to once every two years. This level of inspection is highly inadequate given the types of products that are being inspected.[2]

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[1] These statements were made in response to questions raised at FDA's Baltimore public meeting on HACCP on February 22, 1994.

Even after FDA approves the HACCP plans, each processing plant will be responsible for extensive recordkeeping.[3] Reviewing these records will be part of FDA's inspection of each processing plant. However, in the absence of enhanced inspection resources, we are concerned that records inspection, an essential feature of HACCP, will be more myth than reality.

HACCP will generate between 1500 to 3500 records per year in each facility.[4] With inspections reduced to once every five to six years to accomodate the increase in time needed to conduct the HACCP plan approval inspection, inspectors could face well over 10,000 records to examine during their initial post-HACCP inspection. Even if only a percentage of records are reviewed by the inspectors, this is still a monumental task to complete in 40 hours, when coupled with the normal plant inspection and HACCP plan approval.

Records review will increase the time needed for future inspections beyond the initial HACCP approval as well. So in the absence of increased inspection resources, it is likely that HACCP will mean even less frequent FDA inspections of seafood processors in the future.

The adoption of mandatory HACCP does not relieve Congress of the need to improve the adequacy of FDA's inspection force and program. The early years following approval of a final seafood HACCP regulation are critical to assure that the program is implemented properly by each processor. FDA cannot buy back consumer confidence in seafood with an industry honor system; instead, the agency needs significant new inspection resources to assure that HACCP really produces safer seafood products.

HACCP also doesn't correct other deficiencies in the FDA's program. For example, despite the fact that seafood is harvested in the wild, USDA's sampling of meat and poultry products for chemicals has in the past been ten times FDA's testing of seafood products. Although the agency has increased its sampling recently, it still tests only 2000 samples a year for chemical contaminants. Additional money is essential if FDA is going to increase their level of testing.

Pesticide Residue Monitoring. FDA's monitoring of pesticide residues in other foods is similarly inadequate. Pesticide residues are found on 35 percent of all domestic foods tested by FDA, and in a majority of the samples of many of these foods. Despite this prevalence, FDA's program to monitor pesticide residues does not provide the information necessary to protect the public. Of the 496 pesticides that FDA identified in 1986 as likely to leave residues in the food supply, only about 41% can actually be detected with FDA's routine testing methods. Many of these undetected pesticides are classified "high health hazards" by the agency.

Furthermore, the sample that FDA uses to monitor our dietary exposure to these chemicals does not provide a

---

[2] Canada has a much more sophisticated rating system for seafood processors as well as more frequent inspections. "Excellent" plants are inspected once every two months, "good" plants are inspected every month, "satisfactory" plants are inspected every two weeks and "fail" plants are asked to shut down until the deficiencies are corrected.

[3] Although many of these records, like bills of lading, are not new for the processors to have, HACCP makes the records the subject of review by federal inspectors for the first time.

[4] Assuming that the average plant has five critical control points (CCPs) and three sanitation points and each point generates one page of records per day, 2080 records would be generated per year for a plant that operated five days a week, 52 weeks a year. High risk processors are likely to have a higher number of CCPs, so the number of records per year will be higher. If a processing plant had nine critical control points and three sanitation points, assuming the same facts used above, it would generate over 3100 records a year.

Furthermore, the sample that FDA uses to monitor our dietary exposure to these chemicals does not provide a statistically valid portrait of our food supply. Without a broader sampling program, the extent to which pesticide residues reach consumers cannot be determined accurately. To overcome this deficiency, FDA should periodically conduct statistically valid food sampling. Without additional funding, however, FDA will not be able to provide this much-needed expansion of its monitoring program.

User Fees. The Administration again relies heavily on non-existent "user fees" to meet its proposed budget for Foods. User fees are widely considered by consumer groups and public health experts to be an inappropriate method of funding public health programs. Industry funding of these programs would call into question the government's impartiality in conducting public health inspections. Also, Commissioner Kessler's testimony on March 16 before this Committee demonstrated that the Administration has not thought through how user fees would be implemented in the Food area. We hope that the subcommittee will again disregard the Administration's smoke and mirrors request and refuse to mandate user fees for FDA food safety programs.

These inadequate programs are greatly in need of strengthening if FDA is to fully carry out its mandate of ensuring American consumers a safe and wholesome food supply. Public health and consumer confidence in the food supply will be further imperiled if the agency must spread last year's level of resources over a growing regulatory workload. Public Voice urges the committee to appropriate sufficient funds for FDA to fully meet its responsibility of ensuring a safe, wholesome, and properly labeled food supply. The American public expects and deserves nothing less.

Public Voice's Recommendation. The Committee should increase the FDA's Foods budget by at least 10% over the FY 1994 budget to address long term deficiencies in the program. In addition to this, the agency should receive an additional $10 million in dedicated funding to conduct training and increased inspections to implement its seafood HACCP regulation.

U.S. DEPARTMENT OF AGRICULTURE

Nutrition Education. The Clinton Administration has made an important new commitment to improving the nutritional content of the school meals. These programs are essential to ensure that all children -- especially low income children -- receive adequate calories, vitamins and minerals necessary for growth and development. The USDA has stated its commitment to assuring that meals delivered as part of this program meet both RDAs and Dietary Guidelines for fat and saturated fat.

As part of this commitment, the administration has requested an increase of $18 million to fund nutrition education and training and assistance in meeting the recommendations of the Dietary Guidelines. This money is critically needed to train food service employees in preparing healthier meals as well as to educate students about the importance of healthier diets.

Public Voice's Recommendation. Public Voice supports the Administration's request for $18.4 million of new discretionary spending in the Child Nutrition Program for nutrition education and training.

WIC. The long term preventative health benefits of WIC are well-documented -- for every dollar invested in this program there is a savings of between $1.92 and $4.21 in health-related expenditures. This nutritionally based program helps prevent infant mortality, low birth weight babies, and premature deliveries. The built-in nutrition education component of WIC is crucial in teaching low-income women about healthy eating habits. Participants learn about specific nutritional needs, as well as the nutritional needs of their infants and children. WIC participants are taught how to shop for and prepare well-balanced meals, and they are educated and supported in their efforts to breastfeed.

Public Voice's Recommendation. Public Voice supports the administration's FY1995 budget proposal of increasing WIC spending by $354 million (11%) to $3.7 billion. This increase keeps WIC on track in meeting President Clinton's commitment to full funding of WIC by the end of 1996. It would also enable 700,000 more people to receive benefits per year, bringing average WIC participation to approximately 7.2 million recipients per year.

Sustainable Agriculture. The Farm Bill provisions promoting sustainable agriculture and reduced pesticide use reflect what Congress already knows, that Americans are concerned about pesticides in their food. A nationwide attitude survey conducted for Public Voice in March 1993 documented that Americans are very concerned about the impact of agrichemicals on their health, their kids and the environment. This survey found that concerns about agrichemicals exceed concerns about other food safety and environmental problems, including food poisoning from bacteria in meat, growth hormones in milk, second hand cigarette smoke, and air pollution. In the 1990 Farm Bill, Congress took steps that will help address consumer concerns by enacting provisions to enhance sustainable agriculture and make it easier for growers to reduce their use of agricultural chemicals. Unfortunately, many of the commitments remain underfunded, even as we approach the 1995 reauthorization.

Sustainable Agriculture Research and Education Program (SARE)

The SARE Program was authorized by FACTA to provide for indispensable research on sustainable farming systems. During the 1990 Farm Bill process, the Agriculture Committees recognized the need to greatly expand such a research and education effort, and suggested appropriations of $40 million annually for the program.

Public Voice's 1992 statewide survey of Wisconsin farmers', reported in Trying to take Root: Sustainable Agriculture in the U.S. Heartland demonstrated the importance of this program. For example, farmers who are completely reliant on insecticides were asked to identify the top three reasons for their reliance. Twenty-four percent included in the top three "unaware of alternatives to chemicals," 20% included "lack technical experience with alternatives," and 32% included "lack information about alternatives".

The SARE program is the only initiative within USDA that conducts research on the adoption of whole-farm systems that integrate alternative approaches to pest control, tillage, crop rotation, and enhancing soil fertility. A September 1992 audit of the SARE program by the General Accounting Office concluded that, "The SARE program has been successful in promoting sustainable agriculture, not only through its many projects, but through its ability to bring together diverse groups within the agriculture community to communicate and work together . . . It has in many ways been a catalyst in this new area of agriculture."

The SARE program is also the only USDA program generating sufficient information for farmers who want to make the difficult transition to an entirely new system of farming that is not reliant on agrichemicals. Public Voice's national opinion poll survey found that 60% of Americans felt it is very important for farmers to switch to low chemical production strategies that rely primarily on natural methods.

The SARE Program currently receives $7.4 million. The Administration has requested $8.8 million for FY 1995. Both current and requested levels are grossly inadequate to meet the need for the program's outputs and services.

Public Voice's Recommendation. Public Voice recommends an appropriation of $20 million for SARE in FY 1995.

Sustainable Agriculture Technology Development and Transfer (SATDT)

The SATDT Program, which was authorized in the FACTA, is an indispensable complement to the SARE Program. By providing training for extension agents in sustainable agriculture methods, it would enable new technologies developed through the SARE Program and elsewhere to be more effectively transferred to interested farmers. Since extension agents currently receive no systematic training in sustainable agriculture, most of them are not fully prepared to work with farmers who want to switch to sustainable farming systems.

First created by Congress in the 1990 Farm Bill, the program was authorized at $20 million. The program, which has the support of a broad coalition of consumer, and environmental organizations, farm and commodity groups, and state extension directors, was finally funded in FY 1994 for $3 million. This year, the Administration is recommending an increase of $2 million, bring total funding for the program to $5 million.

Public Voice's Recommendation. We recommend an appropriation of $8 million for the SATDT Program in FY 1995.

National Organic Certification Program (NOC)

USDA has begun to lay the groundwork for implementation of the NOC Program mandated in the FACTA. In 1992, the Department appointed and convened the first meeting of the National Organic Standards Board earlier this year. USDA program staff currently includes four marketing specialists, an economist, one program assistant and one clerk. This program staff assists the NOSB in conducting hearings and in preparing recommendations to the Secretary of Agriculture on the national program standards. The staff will also play a critical role in the upcoming rulemaking process for the establishment of certification and accreditation standards.

Both consumers and farmers stand to benefit greatly from this program: consumers will be protected from fraudulent and misleading labeling claims; and producers will have a consistent national program to facilitate the development of the industry.

The President's budget request of $500,000 is the minimum needed to ensure that program implementation begins in the coming year. Implementation has already been slowed by delays in initial funding.

Public Voice's Recommendation. We support the Administration's request of $500,000 for FY 1995 for the NOC Program.

Cosmetic Appearance Research. The Fruit and Vegetable Title of the 1990 Farm Bill contained a mandate that USDA conduct research to investigate the extent to which grade standards and other regulations governing cosmetic appearance encourage pesticide use in the fruit and vegetable industries. Included in the research were market demonstration projects to determine consumer acceptance of slightly blemished produce when consumers are informed that blemishes are the result of reduced pesticide use. Consumer and environmental organizations supported the legislation because it could open the door for significant reductions in pesticide use, lower farm production costs, promote safer food and a cleaner environment.

The University of Georgia is conducting a nationwide research project to determine how federal and private grade standards influence pesticide use on produce. The project will identify what qualities are most important to consumers in selecting produce, including such factors as shape, size, surface appearance, flavor, nutrition, and shelf life. The project will also examine ways to reduce federal expenditures and ways to make production of produce both more economically and environmentally sound.

Public Voice's Recommendation. We urge the Subcommittee fund this research at its current level, $250,000, for FY 1995, which is expected to be its last year.

FARMERS HOME ADMINISTRATION

WITNESS

GARY KING, BOARD MEMBER, ILLINOIS RURAL WATER ASSOCIATION

Mr. DURBIN. Gary King, National Rural Water Association, Leedroy, Illinois.

Mr. King, thanks for waiting. I saw you back there patiently watch us run back and forth through the halls.

Mr. KING. Quite interesting.

Mr. DURBIN. We are anxious to get your testimony in before we get called again to vote. So, please, we will put the whole statement in the record.

Mr. KING. Thank you, Mr. Chairman, for the opportunity to testify before this subcommittee today. I am testifying for National Rural Water as well Illinois Rural Water Association.

We want to thank you for the action taken by this committee last year to support the RDA rural water and sewer grant and loan program and for the $525 million in grants and $977 million in loans in President Clinton's budget request.

This program is a most important infrastructure, economic development and health protection program in our small rural community today. These two recent increases in funding have assisted significantly in meeting the growing needs in rural areas to meet the new EPA and RDA federal environmental requirements.

Without these funds, many more small water systems would be in serious jeopardy of not meeting the regulations under the federal Safe Drinking Water Act. For example, in Illinois this past year, there were 24 systems that received grants in the amount of $10.8 million and 34 systems that received loans in the amount of $16.4 million. Nationally, there were 684 systems that received approximately $400 million in water and sewer grants and 927 systems that received $647 million in water and sewer loans all for priority small community projects.

As of April of this year, the applications and pre-applications for funding for small systems are over twice the amounts. According to RDA, there are 1568 pre-funded application requests for water and sewer loans totalling $1.9 billion and 973 unfunded grant application requests totalling $906 million. And more application requests are expected.

As a result, we are requesting a level of $600 million for the grant program and $900 million for the loan program next year. As the budget and resources continue shift from the defense area to the domestic programs, we urge the committee to continue to consider the importance and effectiveness of the small community water and sewer grant and loan programs in rural America.

The other request we have today is for continued funding of the circuit rider program at a level of $4.85 million. The Illinois circuit rider provided 446 on-site technical assistance visits to water systems throughout the state last year. For over 80 percent of these people, this was the only training and technical assistance that they received. Yet study after study indicates that it is the small systems with limited budgets, part-time operators, that have the greatest need for assistance in order to comply with increased federal and environmental requirements.

The circuit rider program meets this need. Nationally, circuit riders made over 26,692 technical contacts with small community water systems in 48 states. I have included a description of a significant contact by our Illinois circuit rider, Loy McCart, in my written testimony.

The contact describes how the village of Royal Lakes in Macoupin County was under a boil order, boil water order, due to flooding on the Mississippi River. Their system was having trouble maintaining disinfectant residuals and therefore could not lift the boil order.

Our circuit rider, Loy McCart, made a Ta contact on the request of the Illinois EPA. Loy determined that because of the demand on the system disinfectant was not being administered fast enough. He began to flush some fire hydrants in the system. In a couple of hours, residual levels began to appear and shortly thereafter the boil order was lifted.

This contact is a good example of how our circuit rider was able to help an economically depressed system resolve a serious health threat and return the system to compliance.

In closing, let me thank you again for your help in funding the RDA water and sewer and circuit rider programs. The 48 state rural water associations and the over 51,000 small water systems want you to know how appreciative they are for the work of this committee.

I thank you.

Mr. DURBIN. Thanks, Mr. King. You could not have hit home any better with that example of Royal Lakes, which is a small and generally poor village in my district. And I am sure these efforts here were appreciated by the folks there who otherwise could not have taken care of that problem.

Mr. KING. That is exactly right.

Mr. DURBIN. The circuit rider did his job.

Mr. KING. Yes.

Mr. DURBIN. I think that tells the story as well as anything.

Mr. KING. Yes.

Mr. DURBIN. Thank you for your testimony.

Mr. KING. Thank you.

Mr. DURBIN. Mr. Skeen?

Mr. SKEEN. I, too, want to thank you for your testimony. We have a similarity between New Mexico and Illinois because we have a lot of rural water systems. And the pressure on them these days, the testing that is required by EPA plus other situations, makes them very difficult to maintain. We appreciate the attention that you have given it.

Mr. KING. Thank you.

Mr. SKEEN. Thank you.

Mr. DURBIN. Thanks for coming by.

Mr. KING. You bet.

Mr. DURBIN. We appreciate it.

[The statement follows:]

National Rural Water Association
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Statement of

Gary King
Illinois Rural Water Association on behalf of the National Rural Water Association

before the

**Subcommittee on Rural Development, Agriculture,
and Related Agencies
House Appropriations Committee
Washington, D.C.**

April 19, 1994

Mr. Chairman, thank you for allowing me, as Board Member for the Illinois Rural Water Association to appear before your Committee today. The Illinois Rural Water Association has a membership of 612 water systems. I am here on behalf of the National Rural Water Association (NRWA), as well as the Illinois Rural Water Association and rural water folks all over this country to thank you for the generous and very important increase given the rural water and sewer grant program last year. We also want to thank you for the $525 million in grants and $976.9 million in loans in President Clinton's Fiscal Year 1995 Budget Request. These funds are being used and will be used to great advantage by many small water systems to improve people's health, strengthen local economic opportunity and assure that rural America stays strong. Finally we want also to express our deepest appreciation for the help of the Committee in providing an increase in our rural water circuit rider program last year which has enabled us to strengthen the program in all states. We are here today to request the continued support of you and the Committee for these two very important rural programs and for the recently established rural wastewater Circuit Rider.

Specifically, we are requesting:

- funding for the RDA rural water and sewer grant program at $600 million and the loan program at $900 million.

- funding for the Circuit Rider technical assistance program at $4.85 million to allow for a more intense use of circuit riders in areas of the country affected by the most serious environmental problems.

Our primary reason for supporting additional funding in the water and sewer grant and loan program is the growing recognition that water and sewer services are a basic element to rural development in this country. As environmental and health expectations rise, the need for safe and clean water has become a necessity for rural residents. Community water systems provide this service. RDA grants and loans allow those residents to build systems and to repay the loans over an extended period. Without the current assistance from RDA, most rural residents could not initiate the construction of new systems and the expansion of existing ones. Additional funding will allow more rural Americans the opportunity to have access to a safer water supply.

We are very aware that without the support of this Committee, that the program would not be operating today. It is impossible to overestimate the debt that rural America owes you and this Committee for standing firm for rural water over the past ten years.

The importance of the RDA grant and loan funds grows each year as the Federal government presses for higher and higher environmental standards on small water systems. The goal of RDA has always been to bring safer drinking water to rural residents. However, now EPA

has strengthened its role through both the Safe Drinking Water Act (SDWA) regulations and the deadline on compliance with the Clean Water Act. New regulations on Surface Water Treatment, Lead and Copper testing and the listing of 25 new contaminants this year are slowly overwhelming many small systems.

These federal requirements are dramatically increasing the cost of managing rural water and rural wastewater systems. In response, small communities have gone to their state governments for help and in some cases have received new resources. However, in these and other cases it would be impossible to gain new financial support without the critical "seed money" that the RDA grant funds provide for projects in low income areas of each state. These grant funds are highly leveraged and the increase in the grant program is having a multiple impact on the improvement of small water and sewer systems throughout the nation.

This funding is vital to most small water systems because rural water districts do not have the legal standing to float bonds, levy taxes or seek other types of public financing. Private financing as a sole source has seldom been an alternative because of its high cost and consistent unavailability. With a repayment rate on RDA water and sewer loans of over 99%, this is the soundest government loan assistance program in the nation.

The Environmental Protection Agency (EPA) continuously cites the RDA rural water and grant loan program as the major source of funding assistance to help small rural systems meet SDWA requirements. During Congressional testimony, a question to EPA received the following response:

The Agency has met with the RDA in an effort to ensure that adequate financial support is and will continue to be available to small water systems to meet additional requirements imposed by the Safe Drinking Water Act. This is of particular importance in that the cost to small water systems for SDWA compliance is estimated at $8 billion over the next twelve years. While much of this cost will be borne by the small water system customers themselves, the RDA program is the catalyst to generate the necessary funding. In effect, we have one federal agency imposing regulatory requirements and relying on another agency (RDA) to provide funds to support compliance. It is in rural areas which the RDA grant and loan program is critical to SDWA compliance.

The second area of our concern is the assistance available to help improve the operation and maintenance of existing rural water systems. Most rural water systems were developed because neighbors got together and decided that something had to be done about their collective poor quality or lack of water. These people formed water districts, signed up customers, borrowed funds from the only source available - RDA - and set up a small water system operation with part-time personnel. These systems are as varied in their size and structure as rural America itself. Many have grown from a few hundred households to several thousand. Many older systems are having serious operational problems with old and worn out water systems. The common

problem among these systems is the need to improve the quality of the water while continuing to provide water in the most cost effective manner possible.

What has evolved from this need is the rural water circuit rider technical assistance program now operating in forty-eight states, thanks to the action of this Committee last year. A full-time rural circuit rider, working under the oversight of each state rural water association, is available to provide hands-on assistance and guidance to all rural water systems in every state regardless of size or problem. This has allowed many rural systems to steadily improve the efficiency of their operation and the quality of the water delivered.

In 1993, the Illinois Circuit Rider program assisted rural water systems with 446 technical assistance contacts - an average of 37 technical assistance contacts per month. Approximately one half of the contacts were made in response to direct calls for help from water system personnel. Circuit Riders have saved significant amounts of money in preventing water loss, reducing the need for replacement of pipes, pumps and other equipment and in working with systems to set adequate water rates in order to provide funds for continuous preventive maintenance. Often these savings are used to reach new customers or make improvements required by the SDWA.

During the past year, the Circuit Riders have made over 26,692 on-site types of technical assistance to rural water systems throughout America to provide hands-on help. The new state circuit riders in the additional states have expanded their activities. We believe that having a national border-to-border program is having a dramatic impact on the upgrading of small water systems in those areas with the most serious water problems.

In another area, we support the continuation of the solid waste technical assistance program at last year's level. We also urge that the program be available for organizations working within one state where there would be the most effective method for strengthening rural solid waste management programs.

Finally, we would appreciate your assistance in protecting small systems under FmHA 1926(b). If possible, we would like to have the FmHA 1926(b) provisions extended to protect rural water systems with RDA grants as well as those with only RDA loans. One special request we are making is that you consider increasing the funding for the circuit rider program to $4.85 million a year to provide for circuit riders in high environmental risk areas and to Alaska and Hawaii. The SDWA requires small water systems to test for over eighty new contaminants over the next three years. Circuit Riders have been the primary assistance available to the smallest and most out-of-compliance rural systems.

In closing, we want to again thank you for your past support of rural water and to urge you to increase the funding level for the RDA rural water loan program to $900 million, increase the RDA rural water grant program to $600 million and provide $4.85 million for the Circuit Rider program.

EXECUTIVE SUMMARY

4TH QUARTER TOTALS

• CIRCUIT RIDER TECHNICAL ASSISTANCE CONTACTS		6,841
Contact Categories:	Operations/Maintenance	1,827
	Management/Finance	1,607
	Treatment	694
	Conservation	1,156
	Actual Compliance (Public Health)	1,085
	Potential Compliance (Public Health)	472

Total Population Benefited (all categories)	19,679,273
Total Public Health Population Benefited	3,491,363
Requested Technical Assistance Contacts	55%

YEAR-TO-DATE TOTALS

• CIRCUIT RIDER TECHNICAL ASSISTANCE CONTACTS		26,332
Contact Categories:	Operations/Maintenance	7,044
	Management/Finance	6,519
	Treatment	2,766
	Conservation	4,500
	Actual Compliance (Public Health)	3,889
	Potential Compliance (Public Health)	1,614

Total Population Benefited (all categories)	76,429,219
Total Public Health Population Benefited	13,290,250
Number of RDA Contacts	967
Requested Technical Assistance Contacts	55%
Technical Assistance with Operators	69%
Technical Assistance with Bookkeepers	15%
Technical Assistance with Decision Makers	16%
System Size Contacted <1,000 Connections	73%
System Size Contacted >1,000 <3,500 Connections	24%
System Size Contacted over >3,500 Connections	3%

OVERVIEW

The RDA/NRWA contract agreement #53-3157-3-0003 is a five year technical assistance program beginning October 1, 1992 through September 30, 1997. This five year agreement was finalized with RDA in March, 1993. This report is for the fourth quarter period of July 1, 1993 through September 30, 1993 and base period year-to-date totals from October 1, 1992 through September 30, 1993.

The primary duties of each Circuit Rider is to provide on-site technical assistance to water systems in the primary areas of treatment, operations, maintenance, management/finance and funding. In addition, the Circuit Riders provide information on other resources that may be available to water systems in solving problems. The Circuit Riders provide liaison support with regulatory agencies, funding agencies. This report contains eight (8) deliverables as follows.

- **54 Full-time Circuit Riders**

Provide 54 full-time multi-year experienced Circuit Riders covering 48 states to perform the 21,840 on-site technical assistance contact requirements outlined in the agreement for the base period of the contract. Effective June 16, 1993, RDA approved two additional Circuit Riders in the program for the states of Georgia and West Virginia. At the present time, all Circuit Rider positions are filled.

- **Circuit Rider Operating Plan**

Formulate an annual individual Circuit Rider state operating plan with input from appropriate State RDA officials to identify systems which may benefit from the on-site assistance offered in this program and areas of greatest need in the individual state. Currently, all operating plans have been approved and submitted to NRWA and RDA/FmHA.

- **Technical Assistance Contacts**

Provide a minimum of 21,840 on-site technical assistance contacts rendered by 54 Circuit Riders annually. The Circuit Riders have obtained 26,332 technical assistance contacts year-to-date.

- **Monitoring and Evaluation**

Monitor and evaluate the operations of the Circuit Rider Program. To date, all Circuit Riders call in their monthly contact totals to the NRWA office. These totals are reviewed and compared to daily log and monthly performance totals on a monthly basis.

ILLINOIS

Loy McCart
Circuit Rider

Loy McCart has been employed by the Illinois Rural Water Association since January, 1989. He has a total of fifteen years of experience working for small water and wastewater systems. His experience includes river treatment, lime softening, iron removal in water and activated sludge in wastewater. He holds a Class A Illinois Water Operator certificate, Class III Illinois Wastewater certificate and Class C Missouri Water Operator certificate. He is an Illinois certified cross connection control device inspector, and has extensive training in leak detection and tank maintenance. Loy was nominated for the NRWA Circuit Rider of the Year in 1992. Loy is a member of the NRWA Registered Circuit Rider Program.

Illinois - Significant Contact

The Village of Royal Lakes is located in Macoupin County. The RDA/FmHA funded system purchases water from the Jersey County Rural Water Company, which buys their water from Illinois-American Water Company. There is a master meter at the point of purchase and each of the 100 service connections are metered. Ken Halloway is the part time, contractual, certified operator. Chlorine is added at the point of entry to maintain a residual. On August 1, 1993, Illinois-American's water treatment plant was inundated by the flooding Mississippi River. System pressure was not restored to Royal Lakes until August 13, 1993. On August 24, 1993, the Illinois Circuit Rider, at the request of Merle King, I.E.P.A. Regional Manager, made a technical assistance visit to the system to determine the cause of the system's inability to maintain sufficient chlorine residuals. Mr. King would not return to take bacteriological samples until a residual of approximately 1 PPM free chlorine could be found throughout the system. Therefore, a boil water order could not be lifted. The Circuit Rider met Ray Caver, Board Member, at the booster pump station where the chlorine is injected. Mr. Caver informed the Circuit Rider that a new CL2 feed pump had been installed over the weekend. After the Circuit Rider checked the pump to make sure it was feeding properly, they began to spot check residuals at locations along a two mile stretch to town. The Circuit Rider determined that because of the small system demand, the CL2 was not being pumped through the system fast enough. He began to flush hydrants in specific parts of the system and instructed Mr. Caver on how to take the samples and perform the CL2 test. Within a couple of hours, residuals of 1 PPM free began to appear. The Circuit Rider suggested that Mr. Caver continue to slowly flush hydrants until the required residual was present in all parts of the system. On September 1, 1993, after three sampling attempts, the I.E.P.A. declared the water safe and lifted the boil order.

The Board Member better understands the operations of the system and the importance of running a CL2 test daily to be sure a residual is present. This contact is a good example of how the Circuit Rider was able to help an economically depressed system resolve a serious health threat and return the system to compliance status.

USDA Programs

WITNESS

PIERCE MILLER, PRESIDENT, AMERICAN SHEEP INDUSTRY ASSOCIATION

Mr. DURBIN. Pierce Miller with the American Sheep Industry.

Thanks for waiting. You are batting cleanup. You have nine minutes and I know you will do the right thing.

Mr. MILLER. You will be proud.

Chairman Durbin and Congressman Skeen, I am Pierce Miller, a sheep producer from Texas and president of the American Sheep Industry Association.

On behalf of farm and ranch families across the United States that raise wool, I want to first thank you gentlemen and the committee for the strong support and funding for the National Wool Act in 1993.

Chairman Durbin, with the price of wool the lowest it has been in 20 years, wool incentive payments being made this month under the phased-out Wool Act are truly helping producers make ends meet and survive this downturn of the market. These payments have meant as much as 20 percent of our gross income.

The economic pressure on the U.S. sheep operations is terrific with incentive payments being phased out, increasing predator losses, rising imports and less than profitable markets are driving our producers out of business.

A sheep inventory of 9.1 million head on January 1, 1994 was 11 percent below the record low of 10.1 million head back in 1986. In fact, 9 percent of that reduction occurred in this past 12 months.

It is in the context of the current economic situation facing our American sheep producers that we comment on these Department of Agriculture programs. The Animal Damage Control program is vital to the very economic survival of sheep producers. We are very alarmed with the administration's budget request to cut the operations budget by approximately 10 percent, which means elimination of at least 58 field positions, when in fact we should be increasing dollars to this program.

Predator loss is one of the highest costs of many sheep operations with over one-half million ewes and lambs lost each year valued at nearly $50 million. In Idaho, Wyoming and Montana, sheep losses to predators have increased 33 and a half percent just since 1990.

We strongly request that funding for ADC operations be restored the fiscal year 1994 level of $21.6 million.

Additionally, Mr. Chairman, we support an additional $1 million in operations funding for the National Environmental Policy Act requirements on Forest Service lands for ADC. USDA accepted this responsibility which requires additional manpower and funding. However, the budget did not reflect any additional dollars to do such.

In addition to the NEPA requirements on Forest Service lands, USDA and the Department of Interior are contemplating a similar transfer of agency responsibility to Agriculture on BLM lands.

We support this transfer, as BLM has shut down all but emergency control in most BLM districts and only very slowly have been complying with any of the NEPA documentation. We feel that it is imperative that additional funds be appropriated to USDA to cover the additional manpower needed and the expenses thereof.

In the interests of time and the late hour, our statement submitted for the record indicates detailed comments on this and other appropriations for programs important to our industry.

Thank you. If you have any questions, I would be glad to answer such.

Mr. DURBIN. Thank you. We will take a close look at your testimony.

I would like to at this point defer to my expert on the subject, Mr. Skeen.

Mr. SKEEN. Pierce, it is great to have you here and your testimony is well taken. I think you have emphasized the point but particularly in the area of Animal Damage Control. I continue to try to reach the animal protection groups, to tell them that this business of maintaining that any system that we come up with for Animal Damage Control is inhumane, it is inhumane from the other aspect of it to not have an animal damage control program to protect defenseless types of domesticated livestock that are our livelihood and have been for some time. And they keep cutting those funds. So we are being, I think, sawed off at the limb on both sides of the tree.

Mr. MILLER. Right. I think we have taken enough hits already and I think the reduction in ADC could be a final blow for many of our producers, certainly in the west in your native state and my state of Texas.

Mr. SKEEN. Yes, sir. And I appreciate that. I understand that there is going to be some inclusions put in the record about the ADC program being terribly inhumane and I have invited the groups and representatives from these folks to come and sit down and talk to us and let us come up with some reasonable approach to this program rather than the politically correct or proper protective aspect that they take the stance that no damage control program should be allowed at all. And it is just absolutely ludicrous. I have to go back and recall that in my early days in the legislature we had the folks from Los Alamos, it had no connection with the livestock industry, they wanted to save Pepe the Coyote. It was about the time that Disney came out, until a couple of coyotes drug one of their kids in their sleeping bags out of their yard down the road and then the attitude changed toward at least taking care of these predators that are operating on the killing fields and where domestic animals and children are residing. And I do not think they have any grasp whatever of what the problem is.

Mr. MILLER. Your observation is quite correct and you have stated the case very well.

Mr. SKEEN. I do not want to keep you or belabor it but, thank you, Mr. Chairman, because I can vent my spleen around here on this particular topic.

Mr. DURBIN. Thank you. We are here for spleen venting and all other reasons.

Mr. Miller, thank you so much for waiting. We appreciate your patience.

[The statement follows:

ASI

American
Sheep Industry
Association

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Statement of PIERCE MILLER,

President of the

AMERICAN SHEEP INDUSTRY ASSOCIATION

for the

U.S. HOUSE OF REPRESENTATIVES

APPROPRIATIONS SUBCOMMITTEE on

AGRICULTURE, RURAL DEVELOPMENT, FDA, and RELATED AGENCIES

April 19, 1994

The American Sheep Industry Association (ASI) is a federation of state member associations representing the 100,000 sheep producers in the United States. The sheep industry views numerous agencies and programs of the U.S. Department of Agriculture as very important to lamb and wool production.

ASI strongly supports the Wool and Mohair Incentive programs of the National Wool Act which contribute to financial stability of wool production and are vital to the sheep industry and the economic health of rural America. The National Wool Act is also key to the sheep industry's ability to contribute $6.7 billion to our nation's economy annually through retail consumption of lamb and wool products.

The phase-out of the National Wool Act, enacted by Congress in 1993, means payments to wool producers will be reduced 25% on the 1994 crop and 50% on the 1995 crop, then totally eliminated.

These payments have provided as much as 20% of total sheep operation income, particularly in these last four years of record low wool prices. Loss of the Wool Act will devastate farm and ranch income and put American producers at a disadvantage to compete against the policies and programs of foreign governments concerning lamb and wool production.

The industry is working towards alternatives to stabilize lamb and wool income, address the unfair advantage held by foreign producers and maintain a viable sheep industry in this country.

It is in the context of the loss of the Wool Act and the perilous situation facing the domestic sheep industry that ASI requests maximum funding and appropriate increases to the programs noted in this testimony, to help this country's sheep producers. This dramatic loss of income to producers, according to the General Accounting Office, contributes a budget savings of $190 million per year from congressional elimination of the National Wool Act.

Strengthening USDA programs such as ADC are even more crucial given the dramatic loss of income with the elimination of the National Wool Act. As part of this effort, ASI appreciates this opportunity to comment on those portions of the USDA FY 1995 budget which are vital to our industry.

MARKETING AND INSPECTION SERVICES

Animal Damage Control

The Animal Damage Control (ADC) program of USDA-APHIS is vital to the economic survival of the sheep industry. Our organization strongly supports the funding for ADC at the FY 1994 level of $26.1 million with an increase of $1 million for National Environmental Policy Act compliance expenses, for a total operations budget of approximately $27.1 million.

ASI urges the Subcommittee to appropriate a $1 million increase in ADC funding to meet the costs complying with the National Environmental Policy Act requirements. ADC has assumed the responsibility for NEPA compliance on ADC from the USDA Forest Service. The Departments of Agriculture and Interior are drafting a memorandum of understanding to transfer the lead agency responsibility for NEPA compliance from Bureau of Land Management to APHIS/ADC. ASI supports this transfer, with the additional funding made available to APHIS/ADC.

NEPA compliance is a high priority in conducting federal animal damage control on private and public lands, and ASI strongly supports adequate funding to meet the requirements. Non-compliance and subsequent loss of preventative ADC activities is a tremendous cost to sheep producers. As a case in point, Wyoming producers experienced a 13% increase in predator losses in 1993 after BLM shut down preventative ADC control. Idaho, Montana and Wyoming sheep and lamb losses to predators have increased 33.5% since 1990, with losses in 1993 exceeding $7.2 million. The value of sheep losses in these states has risen by more than 53% at the same time that the sheep inventories dropped by 13%.

The ADC program is an important and necessary government service. The purposes of the program are to control wildlife and pest damage to agriculture, other wildlife, aquaculture, forest, range and other natural resources; to protect public health and safety through control of wildlife-borne disease; and to control wildlife at airports. Many sectors of agriculture, wildlife management and public health and safety rely heavily on the ADC program. These services are provided through a partnership between Federal, state and private interests.

Research in animal damage control is also important to the sheep industry. The long-term ability to protect livestock depends on the development of effective control methods to be accomplished through adequately funded research programs. We support funding for research in this area of at least the FY 1994 amount, $9.68 million.

Scrapie

Adequate funding of the Voluntary Scrapie Flock Certification Program through USDA-APHIS is of critical importance to the sheep industry as well as all segments of the livestock industries. ASI appreciates this Subcommittee's efforts in recognizing the seriousness of this devastating disease and the real need for control and eradication. If funded adequately in the early years of the program, federal funding should decrease to approximately 2% of the total program cost. Sheep producers are now paying over 50% of the total cost. We request that this program be funded at $4.8 million in 1995.

Animal Plant Health Inspection Service (APHIS)

The mission of APHIS "to protect U.S. animal and plant resources from diseases and pests" is very important to the U.S. sheep industry. ASI is concerned that funds are not requested for Emergency Programs and that without appropriate funding, APHIS will lose the infrastructure necessary for emergency disease preparedness and response. We, therefore, urge the subcommittee to restore funding to this area.

Lamb Market Information and Price Discovery Systems

The sheep industry strongly supports continued appropriations at the FY 1994 levels for USDA-Agricultural Marketing Service and the National Agricultural Statistics Service to proceed with market information and price discovery systems for lamb.

FOREIGN AGRICULTURAL SERVICE (FAS)

The sheep industry participates in FAS programs such as the Market Promotion Program (MPP), GSM-102 and GSM-103 export credits and the Foreign Market Development Program. ASI strongly supports continued appropriations at the FY 1994 level for these critical Foreign Agricultural Service programs. ASI is the cooperator for American wool and has achieved remarkable success in increasing exports of domestic wool. American lamb sales also benefit from the Foreign Market Development Program though increased international efforts. Wool exports have increased 170% over the last five years with the aid of this funding. ASI supports the funding for MPP and FMD at no less than the FY 1994 levels of $100 million and $55.4 million respectively.

SOIL CONSERVATION SERVICE

ASI urges increased appropriations for the range programs of the Soil Conservation Service to benefit the private range and pasture lands of the United States with conservation assistance.

RESEARCH, EDUCATION AND ECONOMICS

Agricultural Research and Education Service (ARES)

The sheep industry recognizes that it must be globally competitive, profitable and sustainable as a user of and contributor to our natural resource base; that production and processing practices must be environmentally sound, socially acceptable and must contribute to the goals and overall well-being of families and communities. It is therefore essential that an integrated systems approach be used, focusing on problem-oriented programs utilizing interdisciplinary team efforts. These efforts should be applied both to plan and to conduct research on complex problems as well as to apply problem-solving technologies on farms and ranches through quality educational programs.

Linking science and technology to societal benefits was the theme of the "Food Animal Integrated Research for 1995" (FAIR '95) symposium. Research and Education priorities were agreed upon there by a cross-section of society from farmers to consumers. We encourage the subcommittee to review the FAIR '95 report as you make your decision on research and education funding.

ASI appreciates the efforts of Congress and the Administration to reorganize and consolidate services within USDA. The creation of the Agricultural Research and Education Service (ARES) should help make government more efficient in developing and delivering technologies to agriculture which will, in turn, enhance the quality of life of our society.

We urge the subcommittee to address the wide and growing disparity in funding between animal science and plant science.

ARES Partnership Research and Academic Programs

ASI applauds the Administration's recommendation to fund Animal Health and Disease Section (Section 1433). Section 1433's funded effort has been of tremendous benefit to all of animal agriculture. We also support funding at the $5.6 million level.

We strongly support the National Research Initiative (NRI) and we appreciate the Administration's request of $130 million. The competitive grants awarded under its program are of the highest quality research and they are addressing the goals and objectives of FAIR '95. The NRI has, for two years, been under-funded. Originally a $500 million initiative, it was agreed that, if successful, the NRI would be funded additionally at the rate of $50 million per year until fully funded. We request $150 million for the NRI in FY 1995.

Maintenance and enhancement of environmental quality is a high priority of the general public as well as of the livestock industry and the sheep industry in particular. The vast majority of the western public rangelands are arid ecosystems. They are also the primary generator of the region's most precious natural resource--water. The scientific literature generally indicates that sheep grazing on watershed and riparian areas is not detrimental and, in fact, may be beneficial; however, long-term, properly designed studies have not been done. Economical systems of grazing national rangelands are essential to the viability of the sheep industry, since approximately 37% of the nation's sheep are grazed on these lands. As the public deliberates on legal issues regarding water quality, multiple use and biodiversity of public rangelands, it is essential that everyone enter these discussions with the best scientific information possible.

ASI requests that $500,000 be appropriated through a CSRS targeted special grant for a six-year study to measure and document the effects of sheep and cattle grazing on riparian and watershed areas. We propose that the project be a collaborative effort between CSRS through Montana State University and ARS through the U.S. Sheep Experiment Station at Dubois, Idaho. The study would be conducted on 17 sections of ARS-managed U.S. Sheep Experiment Station summer rangelands, located in the Centennial Mountains in Beaverhead County, Montana, along Odell and Tom's Creeks. ASI will pledge $200,000 of producer-funded support and ARS has pledged $300,000 of redirected funds toward the project, for a total project cost of $1 million.

The ongoing research in wool is critically important to the sheep industry. ASI supports continued funding of $250,000 for FY 1994 through the special grants program of the CSRS.

ARES Federal Agricultural Research Programs

ASI recommends the continued support of the scrapie/BSE research initiatives at Pullman, Washington and Ames, Iowa. The collaborative research that is ongoing at these locations is recognized world-wide and will be key in finding solutions to these disease problems.

We support the Administration's request of $25.7 million for facilities improvements and particularly the request for $5 million for the Foreign Animal Disease Laboratory at Plum Island, New York.

Extension Service (ES)

We believe that IMS, an interdisciplinary, integrated systems approach to problem solving is the most efficient, cost effective method of technology transfer. In Subtitle B of the 1990 Farm Bill, Congress authorized funding for Chapter 2, Section 1627 - Integrated Management Systems (IMS). To date, no funds have been appropriated to Chapter 2.

ASI believes that one of the highest priorities in the Administration's proposed budget for Partnership Education is the $5 million for Sustainable Agriculture, with emphasis on Integrated Management Systems.

The industry greatly appreciates this opportunity to discuss these programs and appropriations important to the sheep industry.

Mr. DURBIN. Our colleague, Mike Kopetski of Oregon, was scheduled to testify today but was unable to make it. He asked that his prepared statement be included in the record.

[The statement follows:]

TESTIMONY OF THE HONORABLE MIKE KOPETSKI
BEFORE
THE SUBCOMMITTEE ON RURAL DEVELOPMENT, AGRICULTURE AND RELATED AGENCIES

COMMITTEE ON APPROPRIATIONS

April 19, 1994

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Thank you Mr. Chairman and members of the subcommittee. I have a written statement which I will ask to be inserted in the record and I will only highlight some aspects of it.

Forest Ecosystem Research Laboratory

Mr. Chairman, as you may know, the federal agencies, scientists and policy-makers are continuing to move in the direction of ecosystems management for many of our natural resources. This is nowhere truer than in the forests of the Pacific Northwest. The Pacific Northwest has produced and continues to produce much of the new research on alternative new forest management prescriptions and environmental sustainability.

I say with some pride that the forestry program at Oregon State University is a national focal point for forest policy and economics, forest ecology, multiple forest uses and wood products. In addition to its world-renowned College of Forestry and Forest

Research Laboratory, scientists from the USDA Forest Service's Pacific Northwest Research Station, EPA's Corvallis Environmental Research Laboratory, USDI Bureau of Land Management, Fish and Wildlife Service and National Park Service form an interacting community dedicated to research on a broad spectrum of forestry research. Further, OSU faculty are very active in advising policy makers at the state and federal levels on issues affecting the economy and ecology of the forest areas of the northwestern states. For example, the Scientific Panel on Late-Successional Forest Ecosystems, which developed the Alternatives for Management of Late-Successional Forest of the Pacific Northwest, included John Gordon, K. Norman Johnson and Jerry Franklin, each of whom have had distinguished careers at OSU.

Currently, research is limited by inadequate facilities. Antiquated laboratories in the OSU Forest Research Laboratory and inadequate space in the College of Forestry make it difficult to meet the need for new information required by policy makers now and in the future. Over the past year, OSU funded a planning and design study for a new center. The University has raised $10,000,000 for the construction of the building, and expects to fund the operation of the programs after construction is complete, thus ensuring that the Federal Government will bear no ongoing costs of this project once construction is completed. Mr. Chairman, I request $4,500,000 from CSRS FY 1995 Buildings and Facilities funds to be used in planning and design for a new building which will vastly improve the research capabilities of the Forest Research Laboratory.

Northwest Nursery Crops Research Center

Mr. Chairman, nursery crops also are a valuable industry in the Pacific Northwest as well as a major agricultural commodity throughout the rest of the country. USDA figures indicate that the nursery industry (ornamental, landscaping and green plants and turf) had wholesale sales of $7.8 billion in 1990. The 1989 Oregon Association of Nurserymen Survey indicated that the overall economic impact of the nursery industry on Oregon alone was over $1 billion. Additionally, a 1985 study showed that the nursery industry employed an estimated 43,000 people year around, with a peak employment figure of about 102,000. The same study indicated an annual U.S. payroll of nearly $560,000,000. As an agricultural commodity with no federal subsidies, its net contribution is significant when compared to most other commodities.

Mr. Chairman, this is an important industry and one that, I think, will play an increasingly important role in the overall liveability in this country. The benefits of plants in the environment are becoming more recognized, cleaning our air, cooling of our urban "heat islands" and homes, noise reduction, heating and cooling cost reduction and privacy.

Additionally, this industry is extremely diverse. Estimates indicate that up to 5,000 different varieties of nursery stock are produced annually on growing operations that tend to be located near urban areas. This diversity leads to numerous production and pest problems requiring extensive research while the proximity to urban areas underscores the need for environmentally safe growing methods. In fact, as the public demands more and more plants and trees to help clean and cool the air and improve water quality, the nursery industry is playing an expanding and significant environmental and research role. The Northwest nursery industry has responded to the increased research and marketing needs in recent years. For example, in Oregon, research and marketing funding, mainly from the Oregon Association of Nurserymen, Inc. exceeded $525,000 in 1991. But more is needed.

To meet this research demand, a tri-state coalition of nursery growers in the Pacific Northwest has developed a proposal to establish a USDA/ARS Nursery Crops Research Center located at the USDA/ARS Horticultural Research lab in Corvallis, Oregon. This proposal requires the addition of more ARS scientists dedicated to nursery crop research. With additional funding through the USDA/ARS Northwest Nursery Crop Research Center, more work in Oregon, Washington and Idaho could be funded through Specific Cooperative Agreements to scientists with appropriate expertise.

I respectively request that an additional $1,500,000 be appropriated for the Northwest Nursery Crops Research Center through the existing ARS facility in Corvallis, Oregon. These funds will go towards two new ARS scientists, ARS post-doctoral support scientists and ARS program support.

Northwest Center for Small Fruits Research

Mr. Chairman, as you know, the Northwest states of Oregon, Idaho, and Washington are the national center for production and processing of berries and cool climate winegrapes. The unique regional climatic combination of long summer growing days, cool nights, and moderate temperatures yields fruit of superior character.

Mr. Chairman, the industry comprises 2,800 growers and 240 processors with processed value of $354 million. Most of the farms involved in this industry are small family-owned operations with an average size of 25 acres.

Several years ago, these small fruits producers and processors recognized the deficiency of their industry in basic research. The industry came up with the idea of a small fruits research center that would fill a void in basic research for small fruit crop production and processing and help this industry better compete in the world marketplace for premium products. Last year, with the federally supported and funded feasibility study of the center completed, this committee recommended construction and research funds. Research priorities have been established and include newer and more acceptable pest management (especially in light of the current situation with FIFRA reauthorization and minor use pesticides); genetic research; production practices; processing and packaging technology; and market development. The center will also augment support for expanding the existing network between Oregon State, Washington State, and the University of Idaho. This regional network will be developed to create a national exchange network for small fruit research.

The Center, which is under construction and due for completion in September of 1994, is already a successful example of a federal, multi-state, and industry partnership that can work to enhance our country's competitiveness. The federal government contributed $300,000 in FY 1991, $2,337,000 in FY 1992, $437,000 in FY 1993, and $500,000 in 1994. The Commodity Commissions in Oregon, Washington, and Idaho have contributed $1.9 million and the Northwest Land-grant Universities have chipped in with an additional $3.1 million.

I respectfully request that $1,000,000 be appropriated for the Northwest Center for Small Fruits Research for Fiscal Year 1994. $500,000 of these funds will go toward two Agriculture Research Service scientists and $500,000 to fund the Cooperative Applied Research Network through the Agriculture Experiment Stations.

Ecosystem Management Partners

Mr. Chairman, this program, formerly known as the New Perspectives Partners, has a true impact on Oregon, and the whole Pacific Northwest. Operating out of the USDA Forest Service's Pacific Northwest Forest Experiment Station, the program supports basic research, development, and application by the Forest Service, Oregon

State University, the University of Washington, and the Aerial Forest Management Foundation. Last year the federal contribution to this program was $3,078,000, including $595,000 for the Cascade Center for Ecosystem Management/H.J. Andrews Experimental Forest.

As the President's plan for the forests of the Pacific Northwest is implemented, it will be important for resource managers to continue to have new information. Funding for this program is imperative. My request for the FY 1995 USDA Forest Service Research budget is $6,000,000, of which $1,000,000 should be designated to the Cascade Center.

Northwest Food Processing and Marketing Initiative

Mr. Chairman, as you may know, another cooperative effort being undertaken is the Northwest Food Processing and Marketing Initiative; also known as the Food Innovation Center. Northwest agriculture is rich in diversity with nearly 200 separate commodities raised throughout the region. This agricultural diversity produces a farm gate regional income in excess of $9 billion. Yet even with this regional diversity, agricultural processing lags far behind in processing value added products. The region accounts for only $3 billion in combined food processing.

Oregon, Washington, and Idaho are uniquely positioned to the Asian Pacific Rim, the world's most expansive market. Yet the northwest states market 75 percent of their agricultural production in bulk commodity form. As Japan, Taiwan, Thailand, Malaysia, Singapore, Indonesia, and Australia are experiencing growing consumer demand for high value processed food products, the Northwest needs to produce and market high value added processed products. Achieving such a goal would create jobs, provide economic diversity to the northwest, and help alleviate our massive national trade deficit.

The Food Innovation Center construction has been completed, and now we have the opportunity to set the program in motion. The Northwest Food Processing and Marketing Initiative would accomplish this through a cooperative federal, state, university, and private venture. The Food Innovation Center will establish food processing incubator centers, develop a food packaging laboratory, and set up an overall integration of market techniques and implementation strategies to ensure customer satisfaction. This regional approach to food processing and marketing can be coordinated through the Western International Trade Development Center.

Mr. Chairman, I request that a $2,663,000 appropriation be granted to the Cooperative State Research Service for operation of the Pacific Northwest Regional Food Innovation Center in Portland, Oregon.

Oregon State University Seafood Research Laboratory, Seafood Marketing at the Oregon-Rhode Island Program

Mr. Chairman, I also would like to express support for a $325,000 appropriation in the USDA/CSRS budget for the Value-Added Seafood Research Program at the Oregon State University Seafood Research Laboratory in Astoria, Oregon. One need only pick up the daily newspaper to recognize the growing importance of seafood in our diets and I can not think of a more worthwhile or timely project and I support it wholeheartedly.

In addition, I request $340,000 in the USDA/CSRS budget for the Oregon-Rhode Island Seafood Marketing Program. This research program forges a link between marketing initiatives for seafood that is caught and produced on both coasts.

Northwest Multi-Commodity Marketing Research

Mr. Chairman, I support continued funding for this program that develops marketing initiatives for commodities such as wheat, and is conducted by the Agriculture Experiment Station's Portland Trade and Marketing Program. This research is also supported by the Oregon Department of Agriculture and industry groups, and I request $300,000 in the USDA/CSRS budget for it.

Rural Development Centers

Mr. Chairman, I respectfully request $500,000 in the Cooperative State Research Service budget for this program that operates in several regional centers throughout the country, including Oregon.

Aphid, Filbert, Pesticides and STEEP II

Mr. Chairman, I am seeking funding support for four important programs that focus on agricultural production concerns. These programs have yielded useful and environmentally valuable results for farmers in Oregon and elsewhere. I support FY 1995 appropriations in the USDA/CSRS budget of $537,000 for the Russian Wheat Aphid Program, $980,000 for the STEEP II program (which focuses on erosion studies), $80,256 for the Eastern Filbert Blight research, and $667,000 for Pesticide research based at Washington State University.

Wood Utilization, Hops, Northwest Potatoes, and Barley

Mr. Chairman, I would like to express my strong support for established projects that have a long history of demonstrated results. I support an FY 1995 appropriations of $4,443,000 for continuation of the USDA/CSRS Special Research Grant funding the center for Wood Utilization Research at Oregon State University. I support an FY 1995 appropriations of $406,000/year for the continuation of hop research in the Pacific

Northwest; a continuation of funding for potato research with an additional appropriation of $200,900 for potato varietal research and a FY 1995 appropriations of $412,000 for Phase II of the USDA/CSRS Regional Barley Mapping Project.

In addition, Mr. Chairman, I support funding for two USDA/ARS research programs that will yield significant benefits for Oregon's barley growers. I would like to see $250,000 in the budget for FY 1995 to create a barley plant pathologist position at the Cereal Rust Laboratory at the University of Minnesota, and at least $200,000 in permanent supplemental funding starting in FY 1995 for the Cereal Crops Research Unit at the University of Wisconsin.

Oregon-Massachusetts Biotechnology

Mr. Chairman, the intended outcome of this program is research in plant sciences that have immediate and practical applications in agricultural production. The major project located at OSU is the development of potato lines that are immune to the Potato Y virus. The University has filed for a patent for this product, and major seed producers have already expressed interest in the new potato. Other research has led to a new pear line with altered iron metabolism, and genetic identification of grapes and their rootstocks. This research program has yielded outstanding results, and I heartily encourage the committee to fund it for FY 1995 at $483,000

Hatch Formula Funds, Animal Health Funds, and National Research Initiative Grant Program

Mr. Chairman, there are three national programs that have previously received federal funding through the USDA/CSRS, and should continue to do so. The Hatch Formula is a funding mechanism for the basic operations of Experiment Stations in each state. I request an FY 1995 appropriation of $35,575,937. The Animal Health Funds support animal health research throughout the nation, and I request that it receives funding for FY 1995 at $5,551,000. Finally, I support the National Research Initiative Grant Program, of which Oregon's typical share is 2%-5%. I request that the national program receive funding for FY 1995 at $92,138,350.

Wetlands Reserve Program

Mr. Chairman, we continue to discover new values that wetlands have to offer in terms of environmental services. The Wetlands Reserve Program allows the government to acquire conservation easements on privately owned wetlands and preserve wetlands for the benefit of all Americans. Over 60 landowners in Oregon signed up for this program in 1994, seeking to enroll over 15,000 acres in the reserve. I request $240,000,000 in the USDA/CSRS budget for the Wetlands Reserve Program.

Cooperative Forestry Research Program, Renewable Resources Extension Act, and National Research Initiative Competitive Grants

Mr. Chairman, I am compelled to mention three national programs with implications for Oregon that deserve continued funding under the USDA/CSRS budget. I request FY 1995 funding at the level of $25,000,000 for the Cooperative Forestry Research Program (McIntire-Stennis Cooperative Research Program). In addition, I request an appropriation of $6,000,000 in the FY 1995 budget for the Renewable Resources Extension Act. Finally, I request $144,000,000 in FY 1995 to fund the National Research Initiative Competitive Grants line.

The Emergency Food Assistance Program (TEFAP)

Mr. Chairman, the President's budget for FY 1995 dramatically reduces funding for TEFAP, which has allowed organizations like the Oregon Food Bank to distribute food to the hungry. I strongly support the restoration of funding to FY 1994 levels.

New Programs

Finally, Mr. Chairman, there are several new research initiatives at Oregon State University that warrant a contribution from the federal treasury. These programs are all supported by OSU, and receive industry funding as well. The Asian Products Laboratory will study market opportunities for wheat products, such as noodles, in Asian nations. I request that $236,050 in the FY 1995 USDA/CSRS budget be allocated to the program. The Grass Seed Cropping Program is essential to all Oregon residents, as it will provide alternatives to field burning to the grass seed industry. I request $500,000 in the USDA/CSRS and ARS budgets for this program. I also would like $500,000 in the USDA/CRS special grants budget for Canola Research, which will be coordinated with ongoing research at other locations. Lastly, I support an FY 1995 appropriation of $6,000,000 for Sustainable Natural Resources Initiative, a new Extension program that complements USDA-funded research in forestry, fish and wildlife biology, range management, outdoor recreation, and environmental education. This program is critical to the implementation of Ecosystem Management in the Pacific Northwest.

Mr. Chairman, thank you for the opportunity to speak before you and the Committee. Please do not hesitate to contact me personally if you have any questions regarding my testimony or require my assistance in support of Subcommittee action.

Mr. DURBIN. Dr. Thomas McIlwain was also scheduled to testify today. He was not able to appear and ask that his statement be made a part of the record.

[The statement follows:]

TESTIMONY

of

DR. THOMAS D. McILWAIN, DIRECTOR

GULF COAST RESEARCH LABORATORY, OCEAN SPRINGS, MISSISSIPPI

on behalf of

THE U.S. SHRIMP FARMING PROGRAM

and

THE GULF COAST RESEARCH LABORATORY CONSORTIUM

before

THE SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT,
FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES

COMMITTEE ON APPROPRIATIONS

U.S. HOUSE OF REPRESENTATIVES

April 19, 1994

Mr. Chairman, I greatly appreciate the opportunity to appear before you and the Subcommittee, to thank you for your past support and to discuss the achievements and opportunities relating to the Gulf Coast Research Laboratory Consortium's U.S. Marine Shrimp Farming Program. My testimony is presented on behalf of the members of the Consortium: The Gulf Coast Research Laboratory, Mississippi; Texas A&M University, Texas; the Waddell Mariculture Research and Development Center, South Carolina; the University of Arizona, Arizona; Tufts University, Massachusetts; and The Oceanic Institute, Hawaii.

In 1985, The Oceanic Institute, Tufts University, and the Gulf Coast Research Laboratory suggested a unique approach for the U.S. shrimp farming industry and our economy to benefit from U.S. consumer high demand for shrimp products. Foreign shrimp producing countries were the principal beneficiaries of this demand, resulting in an annual U.S. trade deficit of $2 billion.

The approach was straightforward: identify technologies and products that would provide the United States with a competitive advantage; enlist the participation of top research institutions; direct a narrowly-focused and results-oriented program dedicated to industry, profitability, and expansion; and provide sufficient funds for the highest quality research, development, and technology transfer to provide opportunities for competitive advantage. This approach maximizes accomplishment, technical and financial accountability, and minimizes bureaucratic constraints.

Mr. Chairman, this investment continues to pay off handsomely. Nineteen ninety-three was another banner year for the U.S. shrimp farming industry. Again, both productions and profit levels established record highs. All shrimp farming regions of the country prospered with increases in production well over 1992 levels. The 1993 pond-bank value of total U.S. shrimp farming production was 154 percent over 1991 levels, the year our technology was first transferred to the industry. During the same period, the economic impact of this growth increased from $23 million to over $61 million, and jobs in the sector have tripled.

The increases in production and profitability resulted directly from products and technologies developed and transferred to farmers by members of the Consortium's Marine Shrimp Farming Program.

Not only have existing shrimp farming companies prospered, but at least two new American companies have formed to commercialize high-health shrimp stocks for domestic and foreign markets. In addition, one high tech company has undertaken the commercialization of an advanced disease screening process developed by the Consortium.

High technology advances are targeted to further enhance the U.S. economy through increased competitive advantage in the marketplace. In particular, the Consortium's development of high-health/genetically-improved shrimp stocks and disease control methods, products, and services is credited with the rapid expansion of U.S. marine shrimp farming. More importantly, these high technology advances, if continued and fully developed, will place the United States in a global leadership role.

Worldwide shrimp farming is a $4 billion industry, although the profitability and sustainability of the industry is now severely threatened by devastating disease problems and acute shortages of high-quality seed. Like other animal industries, shrimp farming worldwide will become dependent upon high-health and genetically superior stocks, as well as other sophisticated disease control methods.

The technology needed to produce genetically superior, high-health shrimp stocks is highly sophisticated and not easily transferred, copied, or adopted. The technology will require continuous improvement and refinement. Shrimp producers utilizing this improved seed will continue to be dependent upon those controlling the technology, creating a sustainable demand. The United States is now positioned to assume a world leadership role in seed stock for shrimp farming, as it has for other animals and crops. To that end, the Consortium is committed to the identification, quarantine, screening, and testing of new shrimp species and to their development as new strains of high-health and genetically-improved shrimp stocks for domestic culture and for export.

The Consortium is receiving substantial support and encouragement from CSRS in their administration of grant funds. CSRS has suggested that this is a model program for resolving important problems and capturing opportunities in both aquaculture and agriculture. These sentiments were recently underscored by an independent review panel formed by CSRS to examine Consortium operations.

Mr. Chairman, with continued attention to high technology applied research and development, the U.S. marine farming industry could reach $500 million in ten years. This projection is based upon a ten-fold increase in production to 60 million pounds, valued at $250 million. The remaining $250 million will result from the production and export of high-health and genetically-improved stocks, disease control products and services, machinery, equipment, and instruments desperately needed by the world's shrimp farmers.

To ensure our focus remains on industry expansion, the Consortium works interactively with existing marine shrimp farms and related service industries. However, because rapid technological progress is outstripping our infrastructure, resources are being sought to establish nucleus breeding centers in Hawaii; broodstock production, testing, and seed production centers in Texas, Hawaii, and South Carolina; and disease quarantine centers in Arizona and Mississippi. The Consortium is requesting operational support of $5 million and a one-time capital grant of $2 million.

Mr. Chairman, the U.S. shrimp farming industry and our Consortium deeply appreciate your support, and we respectfully ask for favorable consideration of our request.

Mr. DURBIN. Our colleague, Bill Richardson of New Mexico testified before our subcommittee last week. He has sent us an addendum to his statement which we will include in the record at this point. He also sent us a report entitled "Waste, Fraud and Abuse in the U.S. Animal Damage Control Program" which will be retained by the committee.

[The statement follows:]

CONGRESSMAN BILL RICHARDSON
TESTIMONY
SUBCOMMITTEE ON APHIS
HOUSE COMMITTEE ON APPROPRIATIONS
APRIL 13, 1994

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to testify today on concerns of importance to my congressional district in New Mexico.

A number of residents of the third district of New Mexico have expressed concern about practices of the Animal, Plant, Health Inspection Service (APHIS) of the United States Department of Agriculture (USDA). I would like to take this opportunity to relay those concerns on behalf of my constituents.

I am submitting with my testimony a copy of the publication Waste, Fraud and Abuse in the U.S. Animal Damage Control Program. This publication outlines many of the concerns Americans have about the use of the M-44, aerial gunning, trapping, denning, and posioning animals. I hope that the committee will have time to review this publication and the recently completed environmental impact statement and take these perspectives into consideration when determining the degree to which the ADC program is actually carrying out its original purpose.

Mr. DURBIN. Congressman Norm Dicks, a Member of the Committee, was unable to be here today. He has sent us a statement which he would like included in the record.

[The statement follows:]

Statement of Rep. Norm Dicks
To the Subcommittee on Rural Development & Agriculture Appropriations
April 19, 1994

Thank you, Mr. Chairman. I appreciate the opportunity to testify before your subcommittee this afternoon regarding many of the important agriculture programs in Washington state. The commitment of this subcommittee to the rural and agricultural needs of the United States has helped farm families all across America, and certainly we in Washington state are extremely grateful for your interest and for your support.

In Washington, agriculture is the state's leading industry. More than 400,000 people are employed in jobs related to agriculture or forestry. Washington farmers produce $3.6 billion annually in agricultural products and we are increasingly exporting to foreign markets, a very positive factor in our balance of trade. Washington is now the nation's largest producer of apples, sweet cherries, hops, lentils, dry peas, spearmint oil, and raspberries. Federal assistance in research has been a vital part of the development and growth of all of these industries, and continuing this level of effort is critically important to sustain them, and helping them to grow.

I am here today to ask the subcommittee's assistance on several items which are of a high priority in Washington state during fiscal year 1995:

Two critical programs that this subcommittee has supported in previous years are the University of Washington's Center for International Competitiveness of U.S. Forest products (CINTRAFOR) and Washington State University's study on the International Competitiveness of Agricultural Products (IMPACT). CINTRAFOR would continue research that focuses on technical, economic, environmental, and cultural barriers impeding U.S. forest products competitiveness and on new technologies, processes, and policies that will provide U.S. Products with competitive advantages. IMPACT's work this year would relate to the development of solutions to the economic and technical barriers which are currently affecting the international trading competitiveness of agricultural products. We are asking for a total of $800,000 for both programs in FY 1995 to fund continuing studies concerning trade barriers as well as research into new products that provide a competitive advantage.

I want to express my appreciation for the committee's past support of the animal disease biotechnology facility at the College of Veterinary Medicine at Washington State University. The committee provided $4.79 million last year to begin site construction, with $13.3 million needed from the CSRS building fund in FY 1995 to keep the facility on schedule for a 1996 completion. Research at the facility would include pathogen detection such as the recent E.coli outbreak in my state.

I also extend my gratitude to the subcommittee, which has been very supportive in past years of a number of CSRS special research grants. I encourage you to support last year's levels for these research programs. Most important to the Pacific Northwest are potato research, barley gene mapping, hop research, STEEP II, Russian wheat aphid research, and PM-10 Air Quality.

Washington State University has administered the Food and Environmental Quality Laboratory through the committee's support of $667,000 last year. This pesticide residue program is now firmly established and capable of handling a reduction of $500,000 for FY 1995. Four other programs are critical to Northwest agriculture as well as national research and are seeking small increases for the coming year. These include the Northwest Small Fruit Center, Cool Season Legume Research, Grass Seed Cropping Systems and Jointed Goatgrass Control.

Several USDA programs are also worthy of your committee's support. The Youth-at-Risk program, the Charitable Institutions Program, the Section 515 Rural Rental Housing program and The Emergency Food Assistance Program have all been enormously beneficial to the citizens of Washington State and this nation.

Finally, Mr. Chairman, I urge your continued support for the regional aquaculture centers. U.S.

demand for seafood has increased seven-fold since 1975, and aquaculture can certainly help America meet a swiftly growing requirement. But there is still a significant amount of research to be done, and I hope the subcommittee will maintain its support for these important regional centers.

Mr. Chairman, I deeply appreciate all of the assistance you have provided to the agriculture community in Washington state and throughout the nation. Food production is vital to our state's economy, and Washington's export markets overseas have clearly helped to reduce the nation's trade deficit. With your continued help, Washington can maintain its competitive position. Thank you for your assistance.

Table 1

USDA/CSRS Special Grants

Federal Appropriations, FY93, FY94
Proposed Appropriation FY95

Topic	FY93 Appropriations	FY94 Appropriations	FY 95 Proposed Level
Food & Environmental Quality Lab (Pesticide Residue--WA, OR, ID)	$667,000	$667,000	$667,000
WA Ag. Competitiveness (IMPACT & CINTRAFOR)	$800,000	$800,000	$800,000
STEEP II (WA, OR, ID)	$980,000	$980,000	$980,000
Russian Wheat Aphid (multi-state)	$437,000	$537,000	$537,000
Potato Research (multi-state)	$1,435,000	$1,435,000	$1,435,000
Barley Gene Mapping (WA)	$412,000	$412,000	$412,000
Cool Season Legume (WA, ID)	$387,000	$387,000	$500,000
NW Small Fruit Center (OR, WA, ID)	$187,000	$250,000	$500,000
Grass Seed Cropping Systems (OR, ID, WA)	$0	$500,000	$1,000,000
Jointed Goatgrass Control (WA)	$0	$350,000	$1,000,000
PM-10 Air Quality (CA, WA)	$0	$1,000,000	$1,000,000
TOTAL	$5,305,000	$7,318,000	$8,831,000

Table1

Washington State University

PACIFIC NORTHWEST USDA SPECIAL GRANTS
COOPERATIVE STATE RESEARCH SERVICE
Federal Fiscal Year 1995 Funding Requests

Current Programs

Food and Environmental Quality Lab--Pesticide Research
Funding Request $667,000
(Fifth and final year request of a 5-year program of work)

The Food and Environmental Quality Laboratory provides pesticide residue analyses on crops and in the environment to support minor crop re-registrations through the IR-4 program. The lab is a satellite lab to IR-4 and cooperates with Oregon State University and the University of Idaho. The 1995 request of $667,000 is the fifth and final year of federal funding to equip the Lab, develop the tri-state data system, and initiate pesticide studies. Permanent state appropriations for scientists and grants will provide future funding.

Washington Agricultural Competitiveness (IMPACT/CINTRAFOR)
Funding Request $800,000 (on-going)

This program supports the International Marketing Program for Agricultural Commodities and Trade (IMPACT at WSU) and CINTRAFOR at the University of Washington. The WSU IMPACT program receives 57.7% of the funds and supports projects that identify and overcome obstacles to international trade, develops new uses and alternative crops for export, and increases understanding of distribution systems and consumer preferences of export markets. Funding is matched by state appropriations.

STEEP II
Funding Request $980,000
(fifth year request of a 5-year program of work)

The STEEP II program is a Tri-State (equal shares to Washington, Idaho, and Oregon) research and education program to develop solutions to wind and water erosion problems of the Northwest and to protect environmental quality without loss in productivity of agriculture. Projects are interdisciplinary and interstate and address long-term cropping systems and their consequence; they incorporate on-farm testing to expedite technology transfer of new practices to growers.

Pacific Northwest USDA Special Grants

Russian Wheat Aphid
Funding Request $537,000 (on-going)

This is a five-state (Washington, Oregon, Colorado, California, and Idaho) cooperative effort to reduce the impact and control the costs of Russian wheat aphid on cereal grain production. Natural enemies of Russian wheat aphid have been collected throughout the world and are being evaluated and released for use in the Pacific Northwest. A national effort to involve all affected states to seek solutions to the Russian wheat aphid problem would require $2.0 million.

TCK Smut of Wheat
No Funding Request
Final Reporting Conference Planned for 1994

Potato Research
Funding Request $1,435,000 (on-going)

This national research program includes states from Maine to Washington. The Pacific Northwest Tri-State effort focuses on potato variety development and evaluation and is conducted in cooperation with the Agricultural Research Service.

Barley Gene Mapping
Funding Request $412,000
(second year of 5-year renewal)

The national effort lead by WSU to map the genetic attributes of barley has made extraordinary progress. The extension of the project identifies specific economic traits that can be incorporated into the breeding programs of the Pacific Northwest.

Cool Season Legumes
Funding Request $500,000 (on-going)
(FY94 funding $387,000)

The identification of genetically superior qualities in the breeding program, the management of diseases and insects, and the development of food products and new markets remain the focus of this project. This effort of Washington and Idaho provides national leadership for a crop essential to Pacific Northwest rotation systems.

Pacific Northwest USDA Special Grants

Pacific Northwest Small Fruit Center
Funding Request $500,000
($250,000 was appropriated in FY 94)

The Northwest Small Fruit Center is a joint state (Washington, Oregon, and Idaho), ARS, and industry effort. Initial support built a new facility at Oregon State University. Continued funding supports research on breeding programs, insect and disease management programs, product development, and market analyses for small fruits. In Washington state this includes cranberries, strawberries, raspberries, and both concord grapes and wine grapes. Approximately 49% of CSRS Special Grant funding is for Washington State, about 43% for Oregon, and 9% for Idaho, based on the scale of research programs currently in place.

Grass Seed Cropping Systems for a Sustainable Agriculture
Funding Request $1,000,000 for WA, OR, and ID through CSRS
(year 2) $1,000,000 for ARS
FY94 appropriation was $350,000 to Washington, Oregon, Idaho

Grass growers of the Northwest need alternatives to open-field burning to reduce air and groundwater contamination and stabilize the profitable production of blue grass seed. This 5-year project would focus on the production system and residue management, using molecular genetics and engineering alternatives as well as alternative management practices and economic analysis of alternative practices, to develop a sustainable production system. Close coordination would occur among Washington, Oregon, Idaho, and Agricultural Research Service scientists.

Herbicide Drift

Deleted from list. Studies will be conducted under the auspices of pesticide lab research on environmental quality and STEEP II on reducing wind effects.

Jointed Goatgrass--A Threat to U.S. Wheat Production
Funding Request: USDA-CSRS $1,000,000, WA
USDA-ARS $600,000
(FY 94 appropriation is $350,000 to Washington)

Jointed goatgrass is a winter annual grass weed found in most states, and it is especially troublesome in wheat-growing regions such as the Pacific Northwest. This weed is impossible to control selectively in wheat with current methods and reduces yields, increases dockage costs, and reduces grain value and seed value. An integrated multidisciplinary state-federal effort focuses on integrated weed management, population dynamics (i.e., spread and distribution of the weed and genetic variation), bioeconomics, and technology transfer of research results. Washington State University is leading this effort.

Pacific Northwest USDA Special Grants

Canola: A National Strategy for Regional Research and Crop Management Programs
Funding Request $1.8 million for six regional centers
(FY94 appropriation is $500,000)

This industry-initiated request recognizes the rapid increases in consumer demand and the fact that demand is being met by imports. U.S. farmers could capture an important market opportunity and add a viable crop in their rotation systems, but they need a research program on this new crop. This proposal is for six regional centers to coordinate and lead research in each agronomic region to develop high-quality varieties specific to the region and the management system for profitable production. With the initial $500,000, the organization of these regional centers and a regionally focused research program has begun.

PM-10 Air Quality Study (CA, WA)
Funding Request $1,000,000, USDA-CSRS, WA, CA

In Washington, $500,000 is used to study PM-10 particulate emission prediction and control from agricultural lands in the Pacific Northwest Columbia Plateau. This funding complements EPA, state Department of Ecology, USDA-ARS, and SAES funds.

Existing Program in Department of Army, U.S. Army Natick Research Development and Engineering Center

Stabilization/Pasteurization of Combat Rations by Pulsed Electric Fields
Funding Request $2.0 million

Initial research support for Pulsed Electric Field Technology development, validation, and engineering for 2 years has been provided by a targeted competitive contract. Additional support is necessary to expand the prototypes, install a food processing line for testing and validation, and support the technical and staff time devoted to the project. This state-of-the-art technology needs evaluation prior to commercialization and has the potential for significant use in the food industry.

Mr. DURBIN. Congressman Hayes of Louisiana has sent us a statement which he would like included in the record. We will insert his statement at this point in the record.

[The statement follows:]

Testimony of Congressman James A. Hayes of Louisiana

before

The Appropriations Subcommittee on Agriculture, Rural Development, FDA, and Related Agencies

March 23, 1994

I am contacting you today to request an FY'95 appropriation of $150,000 to assist Louisiana Animal Damage Control in administering a blackbird control program in Vermilion and Evangeline parishes located in Southwestern Louisiana.

During the winter, the blackbird population in Vermilion and Evangeline Parishes totals tens of millions of birds that roost in the marshes along the coast. These blackbirds destroy many acres of planted rice per day at considerable loss of money and time to Louisiana rice farmers.

The only chemical currently in use and known to be effective for Blackbird control is the avicide DRC-1339, also known as Starlicide. This chemical is registered by the USDA/APHIS/Animal Damage Control Program for use in both Vermilion and Evangeline Parishes and must be applied under direct supervision of Animal Damage Control agents.

ADC would like to continue a pilot program in Vermilion Parish, but is lacking the necessary funds. An appropriation of $150,000 combined with the funding and materials that the rice growers are willing to provide will bring this very important pilot program to fruition.

Thank you for your consideration of this request. Please do not hesitate to contact me if I can provide you with any more information.

Mr. DURBIN. We also have a statement from our Colleague, Jolene Unsoeld of Washington, which she would like included in the record.

[The statement follows:]

JOLENE UNSOELD
3D DISTRICT, WASHINGTON

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Congress of the United States
House of Representatives
Washington, DC 20515-4703

COMMITTEES
MERCHANT MARINE AND FISHERIES
FISHERIES MANAGEMENT
ENVIRONMENT AND
NATURAL RESOURCES
EDUCATION AND LABOR
ELEMENTARY, SECONDARY, AND
VOCATIONAL EDUCATION
LABOR-MANAGEMENT RELATIONS
POSTSECONDARY EDUCATION

April 19, 1994

The Honorable Richard J. Durbin, Chairman
Appropriations Subcommittee on Agriculture and Rural Development
2362 Rayburn House Office Building

Dear Chairman Durbin:

I want to express my support for funding of several programs vital to the 3rd District of Washington and the nation as a whole:

Meat and Poultry Inspection

A few months ago, a constituent wrote to me about her son, one of four Washington children who died last year after eating hamburgers contaminated with the pathogen E. coli. We in Congress cannot relieve that mother's suffering. We can, however, demonstrate our commitment to sparing other families such pain.

I hope that you will support the President's recommendation for an appropriation of $14 million for the Food Safety and Inspection Service's pathogen reduction program. I also ask your support for the proposed $15 million for USDA pathogen research. This investment is essential if we are to ensure the safety of our nation's meat. However, money alone will not solve our problems.

If we are to protect U.S. meat consumers, we must improve USDA's food inspection operations. One way to do this is to provide a reasonable test for pathogens. I recognize the impracticality of requiring that every piece of meat be tested for every pathogen. I also understand that E. coli is extremely difficult to detect. However, there are other more easily perceived organisms that could serve as "indicators" of the presence of E. coli as well as other microbes.

I would encourage you to direct USDA to contract with FDA to determine the following: the appropriate indicator organisms for pathogens, the appropriate methods for testing for them at critical control points in processing, and the appropriate levels to use in measuring the effectiveness of these controls. I believe this is the least we can do to ensure my constituent that we have recognized -- and learned from -- her family's tragedy.

Emergency Food Commodities

I would also encourage you to restore the FY93 funding level of $120 million -- or at the very least the FY94 level of $80 million -- for the commodity purchase component of the Emergency Food Assistance Program (TEFAP).

The federal commodities purchase program is vital to families in Washington that have been devastated by timber and fishing crises. In the 3rd district alone this system serves an average of 21,365 people at food distribution centers and 754 more at soup kitchens each month.

THIS STATIONERY PRINTED ON PAPER MADE OF RECYCLED FIBERS

The decision to reduce the TEFAP program was based on projected decreases in unemployment, which simply do not hold for Southwest Washington. Last year, six out of nine counties in my district suffered unemployment rates above 10 percent. Those numbers do not even reflect self-employed timber workers who lost their businesses or fish industry workers who are soon to be displaced by coast-wide fishing season closures.

The impacted communities are benefiting from President Clinton's Forest Plan Economic Adjustment Initiative, which should help them diversify their local economies and create new jobs. Unfortunately, the plan will not address their immediate food needs. If TEFAP is eliminated many will suffer, particularly children and the elderly. Please do not cut this modest, effective and vitally important program.

Soil Conservation Service Efforts with Private Landowners to Restore Salmon Habitat

The Soil Conservation Service has a key role to play in enhancing habitat for salmon. Private landowners control approximately 40 percent of the remaining habitat in the Columbia River Basin and the Soil Conservation Service has demonstrated its ability to work cooperatively with local and private landowners to resolve watershed and stream habitat problems.

Specifically, the Soil Conservation Service has dedicated valuable resources and technical expertise to improving water quality in small watersheds. These activities are conducted under the authority of PL - 566 and have proven extremely important in terms of restoring salmon runs in the Pacific Northwest. In FY94 Congress appropriated $3 million for the Service to perform salmon habitat improvement work under this program. To provide technical and financial assistance on a continuing basis the agency could utilize up to $8 million in FY95.

Sincerely,

Jolene

Jolene Unsoeld

JU/gm

Mr. DURBIN. I have a statement prepared by Norman L. Stephens, Jr., President of Lincoln Land Community College and Naomi Lynn, President, Sangamon State University on a proposal entitled "Serving the Educational, and Informational Needs of the Rural Community: A Demonstration Project in Central Illinois." I will have their prepared statement inserted in the record at this point.

[The statement follows:]

TESTIMONY SUBMITTED TO THE UNITED STATES HOUSE OF REPRESENTATIVES, APPROPRIATIONS COMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION AND RELATED ACENCIES

Honorable Richard J. Durbin, Chairman

April 19, 1994

Serving the Educational, and Informational Needs of the Rural Community: A Demonstration Project in Central Illinois

Mr. Chairman, distinquished members of the committee, fellow citizens, we appreciate this opportunity to present testimony regarding the unmet education and information needs of the rural community. Our respective institutions of higher education, Lincoln Land Community College and Sangamon State University, are jointly seeking to enhance and expand their past service to rural communities through construction of a Rural Education and Technology Center to deliver education and training programs to rural communities, businesses, and schools. The Center, which would be located between the two adjacent campuses, is designed to meet five crucial needs within central, west central and south central Illinois.

First, assisting the small rural high schools to deliver comprehensive programs for their students.

Second, providing education and information through a computer-based interactive network for farm owners, rural businesses and homes.

Third, consolidating telecommunications systems between LLCC, SSU and other systems in order to deliver secondary and post-secondary distance learning programs cost-effectively throughout the immediate districts and throughout the state.

Fourth, providing expanded facilities for originating distance learning programs, for teleconferencing and for other educational services.

Fifth, providing rural Illinois citizens with greater access to academic and training programs and necessary support services.

We know that the world is changing. We can no longer afford to compete on a regional or even national basis. All sectors of our economy, including agriculture, must compete on a global basis. Now, and especially in the future, the effective understanding and use of technology will separate those business, schools and farms which are successful from those which are not. The proposed Rural Education and Technology Center is designed to provide effective instruction in the use of, and through, new technologies.

The extension and application of knowledge for the direct benefit of the rural community have historically played important roles at both LLCC and SSU. Both institutions have consistently stressed the importance of ensuring access to traditionally underserved people, groups and institutions, especially those who have few, if any, other alternatives for acquiring access to knowledge.

Although new interactive distance learning technology is expensive and not very well understood, technology -- especially electronic technology and the combination of computer and telecommunications technology -- provides the foundation for the 21st century information infrastructure. The computerization, miniaturization and telecommunication of information through knowledge management has caused an overwhelming increase in the amount of information available and has dramatically intensified both the need and the desire for information to be widely accessible. For this to happen, significant emphasis must be placed on acquiring these technologies and training and encouraging faculty, staff, and students to use them.

Local site development and technology capacity across the nation as well as across Illinois must mesh with local needs and must be developed in partnership with local decision makers and users. As the technological capacity is built, LLCC and SSU will proceed with a coordinated plan to build systems that serve various audiences. By combining the considerable expertise on both campuses, a coherent, intelligent cost-saving plan for developing and using the current and emerging technology can be achieved.

The proposed Rural Education and Technology Center will enhance public access to the educational programs and the expert knowledge of our two institutions, both individually and collectively, in order to expand our traditional research, teaching and service activities throughout central Illinois, the state, and the nation.

As you may be aware, Lincoln Land Community College (LLCC) is a public institution that serves citizens in all of or parts of the fifteen counties surrounding and including the capital city. It is fully accredited by the North Central Association, Commission on Institutions of Higher Education, and was awarded a full unqualified ten year continuing accreditation following an evaluation visit during the 1993-94 academic year. This community college district is geographically the largest in the state, covering 4,007 square miles of mostly farmland and small rural towns in central Illinois. Nearly half of the area population of 300,000 live in the small rural communities surrounding Springfield. LLCC offers the Associate of Arts/Science degree in 45 programs. LLCC also offers certificates and the Associate of Applied Science degree in 52 programs.

Sangamon State University (SSU), as the first of Illinois' two upper division institutions, was designed with a capstone mission to complement the state's community college system. Courses of study are available to advanced undergraduates and to baccalaureate graduates. Twenty-two undergraduate and 22 graduate degree programs are offered in business, the health professions, liberal arts, and public administration. Its programs of study are particularly responsive to the educational needs of professionals in the rural communities of central Illinois. Sangamon State University is fully accredited by the Commission of Institutions of Higher Education of the North Central Association of Colleges and Schools.

To optimize the use of scarce resources, both institutions should continue to collaborate in their investment in technology. Both LLCC and SSU are members of the Central Illinois Higher Education Consortium (CIHEC), the Prairie Land Education Consortium (Prairie Consortium) and the Consortium covering the east central portion of Illinois. By facilitating the cooperative efforts of a number of public and private community colleges, colleges and universities, these consortia use an existing and newly developed interactive television networks to provide access to their communities, workplaces, and underserved areas.

In addition, both LLCC and SSU are members of the Central Illinois Manufacturing Innovation Consortium which was organized to encourage development of and provide assistance to small manufacturing businesses. This Consortium's objective is to enhance manufacturing within Illinois by offering educational programs and specific problem solving assistance.

We are seeking $5,500,000 of federal funds to *match state and local funds* to construct a Rural Education and Technology Center for colleges, schools, businesses, and farms primarily in central, west central, and south central Illinois. The facility would be shared in co-equal partnership by Lincoln Land Community College and Sangamon State University and located between our two sister institutions. The funds would be used also to provide telecommunication links to the rural communities and to the statewide higher education interactive educational network and to acquire equipment for interactive classrooms located in the rural communities.

This facility would also be a part of larger LLCC initiative for additional facilities at its main campus. The LLCC campus was master planned for slightly more than 4,000 students. In the fall of 1992, the college credit enrollment exceeded 10,000 for the first time. Lincoln Land's preliminary proposal developed during the summer of 1993 called for a classroom, conference center and distance learning technology facility of approximately 74,200 square feet and costing about $20 million. Approximately $15 million or two-thirds of the projected has been requested from the state. The state funding cycle provides for an environment rich in possibilities for partnerships.

Specifically, we anticipate that the requested federal funds would be used in three ways; $3,000,000 to construct part of the facility, $1,500,000 would be used for telecommunications and computer equipment at the Center and $1,000,000 would be used for communication links and computer equipment located in various rural communities. Another $2 million in local support along with annual operating expenses would be required. Lincoln Land Community College and Sangamon State University will share the facility with other entities whose missions are compatible.

The facility could house programs and services from both institutions that relate to the following programs:

Television Production Facilities
Interactive Distance Learning Classrooms
The Small Business Development Center
Adult Education and Literacy Training
Parenting Training
The Center for Business and Professional Development
The Agricomp Program
Allied Health and Continuing Education
Computer-based Learning Laboratories

This facility would supplement a LLCC/SSU initiative to link their classrooms with those of the Central Illinois Higher Education Consortium. (Three distance learning classrooms, two at LLCC and one at SSU, are under construction.) In FY93, LLCC received $178,000 through a state Higher Education Cooperation Act grant for the purchase of interactive distance learning equipment. SSU received approximately $70,000 for similar purposes. LLCC is already using local operating funds to construct special distance learning classrooms on its main campus and at its educational centers.

In closing, we are committed to sharing resources and developing telecommunications technology to deliver education and training to rural communities and underserved populations. As this new technology matures, exciting new ways to deliver education become possible. The combined efforts of LLCC and SSU should become a model for others to follow.

Thank you again for the opportunity to address the committee. We would be pleased to provide any additional information or clarification.

Norman L. Stephens, Jr., President	Naomi Lynn, President
Lincoln Land Community College	Sangamon State University

Mr. DURBIN. I also have a statement from Dr. John Yopp, Associate Vice President for Academic Affairs and Research at Southern Illinois University at Carbondale. Dr. Yopp is representing the Illinois Groundwater Consortium and a proposal for studies to examine the impact of the Midwest floods on surface and groundwater on agricultural lands. This statement will be made a part of the Committee's records.

That concludes this hearing.

[The statement follows:]

WRITTEN TESTIMONY OF

Dr. John Yopp

Associate Vice President for Academic Affairs and Research
Southern Illinois University at Carbondale

Representing the

Illinois Groundwater Consortium

for the

House Appropriations Subcommittee on Agriculture, Rural Development, FDA, and Related Agencies

The Honorable Richard J. Durbin, Chairman

March 22, 1994

Mr. Chairman and Members of the Committee:

I am pleased to have this opportunity to discuss with you the proposed FY1995 funding request of the Illinois Groundwater Consortium. The consortium respectfully requests an FY1995 appropriation of $750,000, through the U.S. Department of Agriculture, to study the effects of the Midwest Flood of 1993 on the contamination of ground and surface water and soil in the Mississippi River region, and to continue its critical study of the impact of agricultural chemicals on groundwater.

The Illinois Groundwater Consortium grew out of an FY1990 appropriation of $500,000, provided by this Subcommittee, to Southern Illinois University at Carbondale (SIUC) to focus on this important topic. As a result of this appropriation, SIUC joined forces with the Illinois State Geological Survey, Illinois State Water Survey, University of Illinois Cooperative Extension Service and the University of Illinois Agricultural Experiment Station and have effectively worked together over the last four years toward providing a scientifically valid basis upon which meaningful agricultural chemical management and regulatory decisions can be based. Information on the occurrence, transport, and fate of agriculture chemicals in representative hydrogeological settings in Illinois has been acquired through a joint effort of experts from the above nationally-regarded research entities in the State of Illinois.

While the Consortium had intended to conclude its work after five funding years, the recent midwest flooding of the Mississippi, Missouri, and Illinois Rivers, and their tributaries, created devastating effects on farm lands which will have major implications for agricultural practices and water quality for years. This natural catastrophe has resulted in a critical need for further studies examining the impact of the flooding on surface/groundwater on agricultural land in the Midwest.

The Great Flood of 1993 is not limited to Illinois, but affects seven other states in the Midwest. Thus, this proposed research program has broad application throughout the Midwest. Over 200,000 acres of predominantly agricultural bottom land were flooded and soil moisture levels of the affected areas in Illinois remain at field capacity or saturation. Even with normal rainfall and an above average snow melt this year, it is anticipated that soils will be so saturated that planting will be delayed at best, and most likely impossible in many places. Thus, the consortium is looking at a situation with immediate and long-term economic implications for the Midwest. The consortium would like to be a leader in providing information to facilitate short-term and long-term systems studies on which to base policy management decisions.

In addition to the original consortium members of SIUC, the University of Illinois Cooperative Extension Service and the Agriculture Experiment Station, the Illinois State Water Survey, and the Illinois State Geological Survey, the consortium has expanded its participants to include Southern Illinois University at Edwardsville. SIUE's strategic location in the heart of the flood damage, as well as qualified research scientists to work with the existing team, will strengthen the capabilities of the consortium.

Mississippi Flood Studies.

The Illinois Groundwater Consortium believes that studies on the effects of the floods of 1993 are urgently needed and important for the recovery planning for this region, and for developing long-term management plans on utilization of flood plain lands which are of enormous economic value to agriculture. These are the historical "American Bottomlands" which include some of the most productive farmland in Illinois. The flood has provided a unique opportunity to investigate a variety of economically important issues. It appears that the ecology of the Mississippi flood plain has been changed dramatically because of the loss of vegetative cover and topsoil; soil contamination due to fertilizer, herbicide, coliform bacteria, and heavy metal sediment; and movement of herbicides, fertilizers and other contaminants into surface and groundwater. Important questions need to be addressed that include: how to facilitate the recovery of agricultural areas; what the implications will be for agriculture, wildlife, and recreational lands; how recovery of farmland and town sites are affected by the geological conditions which underlie them; and how individual homeowner and farmer interests can be balanced in order to qualify for government loan insurance.

Members of the Consortium will solicit concerns directly from flood-affected constituents through extension activities. Publicized hearings will be held to obtain input and to determine needs first hand.

Some of the work needed to answer some of these questions is being addressed through the mapping of karst areas by the Illinois State Geological Survey, which was funded by the Consortium. The results from this project are currently being used to evaluate the relocation site for the flooded town of Valmeyer, Illinois. In addition, a recent project evaluated the herbicide contamination of ground and surface water areas near the Fayville Levee break. The results show low levels of contamination for Atrazine™, Alachlor™, and Cyanazine™ in Alexander County, Illinois, although higher than usual pesticide levels have been found a some sites upstream. The data already collected by the Consortium from upland studies can be used as baseline information for further evaluating the effects on the flooded and saturated bottomlands.

Proposed Topics and Budget for FY95.

SHORT-TERM PROJECTS RESULTS WITHIN THE NEXT 1 TO 2 YEARS	LONG-TERM PROJECTS RESULTS WITHIN 2-5 YEARS	PROPOSED FUNDING LEVELS
Effect of extended inundation on soil productivity • Comparisons of flooded and non-flooded areas	Effectiveness of methods of remediation for flooded soils • Comparisons across soil types and soil conditions • Comparisons across different crops	$180,000 3 projects
Movement of chemicals (pesticides, herbicides, heavy metal, other chemicals) from flooded soils into surface and groundwater • Evaluation of the extent of contamination against known groundwater conditions • Does excess water increase leaching of contaminants or are concentrations decreased due to dilution, or both? • Examination of physical, chemical and biological processes affecting fate and movement	Changes in surface and groundwater quality over time with changes in flooding conditions • Analysis of changes in specific chemicals over time, and across sites.	$180,000 3 projects
Movement of chemicals (pesticides, herbicides, heavy metal, other chemicals) in flooded soils	Changes in soil chemistry and productivity over time	$170,000 3 projects
Impacts on soil fertility and nutrient balance caused by flooding • Plans for soil rejuvenation and revegetation	Effectiveness of changes in tillage, fertilizer and pesticide applications and rates to determine rate or recovery	$100,000 2 projects

Changes in nitrogen-fixing bacteria or pesticide microbic activity due to flooding. • Effects on microbic activity in mitigating harmful chemicals moving through surface deposits	Expansion of areas surveyed in comparing flooded and non-flooded soils	$60,000 1 project
Impacts of flooding on plant and aquatic life, including endangered and dangerous (e.g., zebra mussels), species, and microbial communities	Effects of time on recovery (and eradication) of plant and aquatic life • Record the succession of the microbial communities across time	$60,000 1 project
TOPICS THAT COULD BE STUDIED IF MORE THAN $750,000 IS PROVIDED		
Current watershed bottomland management practices - effects on ecological, economic and public policy bases	Recommendations for long-term, systems-based planning and management for watershed and bottomland management	
Groundwater factors influencing community relocation decisions • The role of crucial geologic factors in decision making required as a result of flooding	Acceptability and implementation of relocation decisions by communities • Sequelae of the flood on children and youth	
Groundwater quality changes resulting from flood related land-use developments in both the bottomlands where farming practices change and in the uplands where new communities are being developed	Long term implication for public policy decisions and management of the river systems	

Status of the Current Program

The Illinois Groundwater Consortium is currently in its fourth program year, and has recently been appropriated funds by Congress for a fifth year of funding at a level of $750,000. To date, the Consortium has made important progress, producing findings (printed for public consumption) which provide information on the appropriate application rates for herbicides, pesticides, and fertilizers for different soil types to reduce groundwater contamination; the relationship between well construction and risk of chemical contamination; the location of karst areas which are vulnerable to groundwater contamination; how chemical movement is affected by soil and crop types; the effectiveness of filter strips, and wetlands as buffers for reducing stream contamination; and how farmers perceive the effects of conservation efforts. This information is being disseminated to pertinent constituencies through incorporation into course materials, extension service activities, conferences, and publications. In addition, this information is available in published form to researchers, agency personnel, and the public in other states, to help them address issues pertaining to agriculturally-related impacts on groundwater quality.

The Advisory Committee of the Illinois Groundwater Consortium, consisting of institutional representatives from each of the Consortium members and the Consortium Director (Dr. Victoria Molfese, SIUC) are currently overseeing the progress of 20 research currently active projects. The Advisory Committee is involved in the solicitation and review of proposals for new projects supported with FY1994 funds, and with the planning of the Fourth Research Planning Conference. In the Request for Proposals that was issued for FY 1994 funds, an emphasis was placed on projects that address urgent issues relating to effects of the flooding.

On behalf of Southern Illinois University at Carbondale and the Illinois Groundwater Consortium, I wish to thank the Subcommittee for the opportunity to submit this testimony to you. The efforts of Congressman Durbin and the Subcommittee have been responsible for what may be the finest consortial research effort on groundwater in the country. We truly believe that we can meaningfully contribute to the currently deficient body of knowledge on the impact of agricultural chemicals on groundwater, particularly in the Midwest, and we hope you will be able to allow us to continue our work during the fifth year of funding.

Mr. DURBIN. I also have a statement prepared by Dean Gomes of the College of Agriculture at the University of Illinois and Dean Mitchell of the College of Agriculture, Food and Natural Resources at the University of Missouri—Columbia. This settlement covers a concept proposal for an Illinois-Missouri Alliance for Agricultural Biotechnology. I will include this statement in the record at this point.

[The statement follows:]

TESTIMONY SUBMITTED TO
THE U. S. HOUSE OF REPRESENTATIVES
APPROPRIATIONS SUBCOMMITTEE ON
AGRICULTURE, RURAL DEVELOPMENT, FDA, AND RELATED AGENCIES

The Honorable Richard J. Durbin, Chairman
Washington, D.C.
April 12, 1994

by

THE UNIVERSITY OF ILLINOIS

W. Reginald Gomes, Dean, College of Agriculture

and

THE UNIVERSITY OF MISSOURI - COLUMBIA

Roger L. Mitchell, Dean, College of Agriculture,
Food and Natural Resources

CONCEPT PROPOSAL FOR AN ILLINOIS-MISSOURI ALLIANCE FOR AGRICULTURAL BIOTECHNOLOGY

EXECUTIVE SUMMARY

The key to U.S. agriculture's future success is the growth in demand for farm products. However, farmers face global competitive challenges in the years ahead. The best long-term response is for agriculture to adopt a value-added strategy -- growing enhanced products that deliver improved nutrition, health and other consumer values to targeted markets. This strategy will require a heavy dose of technology. And where better to encourage this technology than the heartland of American agriculture -- Missouri and Illinois -- which together contain an impressive base of farmers, life sciences research institutions, universities and agribusinesses. For this reason, we are proposing the formation of an Illinois-Missouri Alliance for Agricultural Biotechnology that will join the region's considerable resources in an effort to strengthen American agriculture. The work of the Alliance would focus on improving the nutritional and health value of food crops, developing better products for industrial uses, and improving the productivity and environmental profile of farming practices together with the health of farm communities.

ILLINOIS-MISSOURI ALLIANCE FOR AGRICULTURAL BIOTECHNOLOGY

CONCEPT PROPOSAL

THE CHALLENGE

U. S. agriculture faces important challenges over the next decade. If nothing is done, American farmers can expect continued declines in real commodity prices and constant to declining real farm incomes. **Between 1990 and 2005, real farm income is predicted to fall by 20%.**

Four recent studies show that American agriculture starts off the 1990s with considerable excess capacity -- which is expected to expand an additional 30-35% by the year 2005. This means that the key to agriculture's future is the growth in demand for farm products. This depends on what happens in domestic markets for: food, feed and fibre (now 70% of farm production), agriculture-based industrial products (5%), and exports (25%).

Domestic demand for food, feed and fibre is expected to grow at about the same rate as the population -- up 25% in total from 1990 to 2005. Agriculture-based industrial products are expected to grow at about twice this rate, but from a small base -- up 50% by 2005. The export market continues to be the largest single potential source for demand growth and could increase 40% by 2005 if current trade talks bear results and market access is not restricted.

With U.S. capacity going up 30-35%, and demand possibly rising about 30%, excess capacity will continue to be a problem. At the same time, government farm programs will continue their decline, with net transfers to agriculture expected to drop by about two-thirds.

THE NEED

These projections suggest there will clearly be more financial pressure on less efficient farmers, but strong competitive returns for the efficient producer. This will continue the decline in the number of farms, resulting in the concentration of agricultural activity in fewer and larger units.

Today, the nation's most important producers are those farms that grow and sell more than $100,000 a year. While these represent only 15% of all farms, they generate 80% of all farm income. Within this group, farms selling over $500,000 annually are expected to grow fastest, accounting for 55% of all production volume by the year 2000. These "super farms" -- still family enterprises -- are the ones that will drive America's agricultural future.

How can we ensure their success as they face increased competition from abroad combined with only slowly growing demand for traditional commodity products? And how can we especially help the farmers in Illinois and Missouri when, as one report concludes, "the rate of change in both crop and animal agriculture in the Midwest will be far greater than for any other region, forcing rapid change in all associated agribusiness sectors."

Without action, the passage of time will result in continuing decline. We want to arrest this process by proposing an approach that will help farmers reset the clock.

In our view, producing undifferentiated commodity products for sale in world markets will ultimately work no better for agriculture than it has for other industries. We believe the best long-term response for agriculture is to adopt a value-added strategy. This means growing enhanced products that deliver improved nutrition, health and other consumer values to targeted markets. It means growing products -- often under contract -- that meet the special delivery and processing demands of food company intermediaries. And it means maintaining productivity growth in the face of environmental concerns about farming practices.

However, adopting a value-added strategy is only possible with a heavy dose of the technology that is needed to develop and grow new kinds of crops. The most powerful tool currently available to develop these critical agricultural technologies is the science of biotechnology. And where better to encourage this technology than the heartland of American agriculture -- Missouri and Illinois -- which together contain an impressive base of farmers, life sciences research institutions and agribusinesses.

For this reason, we are proposing the formation of an Illinois-Missouri Alliance for Agricultural Biotechnology.

BENEFITS TO THE REGION

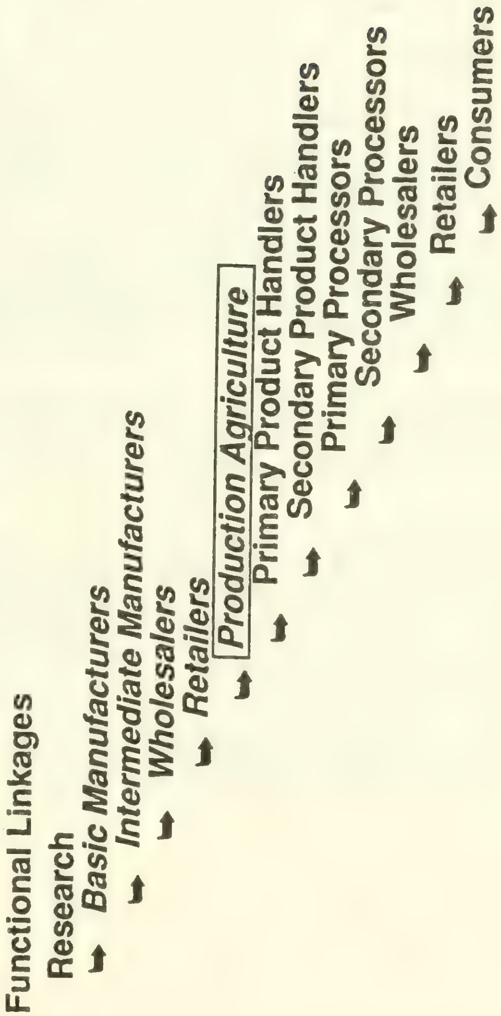
We believe the Alliance will be able to deliver significant benefits to American farmers generally, but with a special focus on the southern Illinois - eastern Missouri region. By closely working with universities, farmers and agribusinesses in the area, the region will get a first shot at commercializing the technologies that are developed. Because these are not merely modest changes in plant properties, but step changes in agricultural practices, we see many new jobs and business opportunities occurring throughout the production chain -- from the lab to the supplier to the farmer to the processor and ultimately the consumer (see Chart I).

Farm receipts in Illinois and Missouri were $11 billion in 1991. The ten Illinois/Missouri counties near St. Louis alone account for 57,000 jobs in farming, agribusiness, food processing and distribution. Sixty-two examples of the immediate Missouri area agribusinesses and government offices are listed in Attachment I -- there are even more in the immediate Illinois area. Even a modest increase in this base would represent a significant number of new jobs. Further, because food processors tend to invest near production, we expect the two-state area can become a more desirable location for the growth of agribusiness activities.

We are fairly certain the inventiveness of our laboratories can deliver new products.

Chart I

The Agribusiness System



However, will the investors be there to move them into the system and create new businesses in the agricultural economy? Sadly, the experience of some companies in moving new products through the mazes of regulations, politics and public opinion means there is high risk and high uncertainty in commercializing discoveries. Monsanto's experience with commercializing its bovine somatotropin product is a case in point. Investors are watching. Once the government demonstrates that America's regulatory system is predictable and science-based, investment and venture capital will more readily flow into creating the high-value agricultural system we need to remain competitive. While scientists address the invention of new products, we hope that policy-makers will address the climate for commercializing them.

PROPOSAL FOR AN ILLINOIS-MISSOURI ALLIANCE FOR AGRICULTURAL BIOTECHNOLOGY

Purpose. The Illinois-Missouri Alliance for Agricultural Biotechnology is based upon the premise that basic studies in plant sciences can lead to breakthroughs that will improve sustainable plant and animal agriculture, help farmers remain competitive, and benefit consumers -- but only if these lead to development, commercialization and acceptance by the agribusiness system outlined in Chart I. The Alliance's focus is the discovery, recovery and use of novel plant traits and moving these discoveries into development opportunities for commercialization. This focus dictates that what will draw researchers together is the common goal rather than the institutions per se. Thus, while the Alliance has a small core group of research scientists, many other scientists in the member institutions will become active participants as their research goals intersect. Such a concept will ensure that vital, cutting-edge science will drive the Alliance.

Focus. We would expect the Alliance to focus in three areas: improving the nutritional, health and consumer values in food crops; developing new uses for agricultural products, including for industry; and developing crops that improve the productivity and environmental profile of farming practices and the health of farm communities.

Examples follow:

- An example of improved health and consumer values in a product now being developed through biotechnology is creating soybeans that yield a highly stable oil, contrasted with the instable oil available today. This would deliver major benefits to those industries using soy oil for frying to permit longer, and thus safer cooking. It would also be healthier since the hydrogenation process currently used to provide stability forms transfatty acids which contribute to heart disease.
- Another example is the recent identification of a substance in soybeans which has cancer prevention potential. Biotechnology can augment this discovery as well as the ultimate production of the substance in useful quantities.

- An example of a new use for industry is a project to develop soybeans that yield biodegradable polymers. These polymers can be turned into plastic packaging materials that would biodegrade in composting operations which will increasingly be used for waste treatment in the near future. Further, the biodegradable polymers would partly displace oil in the soybean, while the amount of soy protein will not change. This will be an important advantage with the stocks of soybean oil now at record highs.

Each of these examples will create new value-added markets for soybeans. This will be especially important as Latin America, with some of the highest yields globally, expands its soy production capacity in the next few years.

Combined with the research initiative, it is envisioned that the Alliance would also create an economic assessment group that could determine what crop characteristics and other things need to occur in order for new products to become economically viable. The group would provide this information back to the geneticists to guide the direction of their work. A diagram showing how this might occur is contained in Chart II.

Successful commercialization of improved crops and new uses for agricultural products can require changes in practices that have implications for both farm policy and community development policy. In some cases, addressing these is as important to speedy commercialization as the basic research. The Alliance could include policy/community assessment and modeling within its scope as a way to strengthen the diffusion of new technologies throughout the agricultural system. An example of how this might work is shown in Chart III.

In a parallel way, advances in technology that improve the quantity and nutritional values of the world's food supply may sometimes have economic and social consequences. Since export growth is an important consideration for U.S. agriculture, monitoring the implications of new technologies on the global food system and environment should also be considered as an area of activity for the Alliance.

We see this initiative supporting the U.S. Department of Agriculture's priorities of attaining sustainable production systems and ensuring their compatibility with environmental and social values. It will also complement and build on the work of such groups as the Midwest Center for Plant Biotechnology which are primarily focussing on basic gene expression and other academic investigations.

Partners. The Alliance will draw together organizations with a strong commitment to the success of America's agricultural sector. These include:

- The region's leading research universities, such as the University of Illinois at Urbana-Champaign, University of Missouri-Columbia, Southern Illinois University and Washington University.

Chart II

New Commercial Uses of Agricultural Products

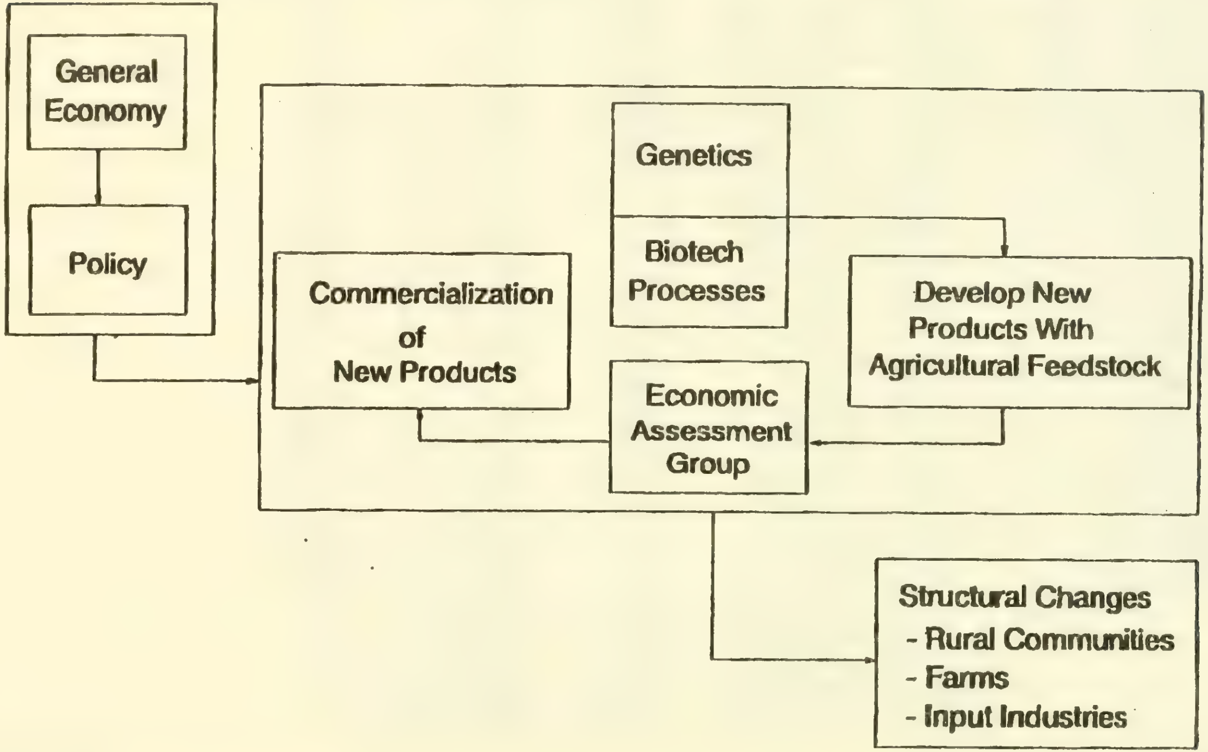
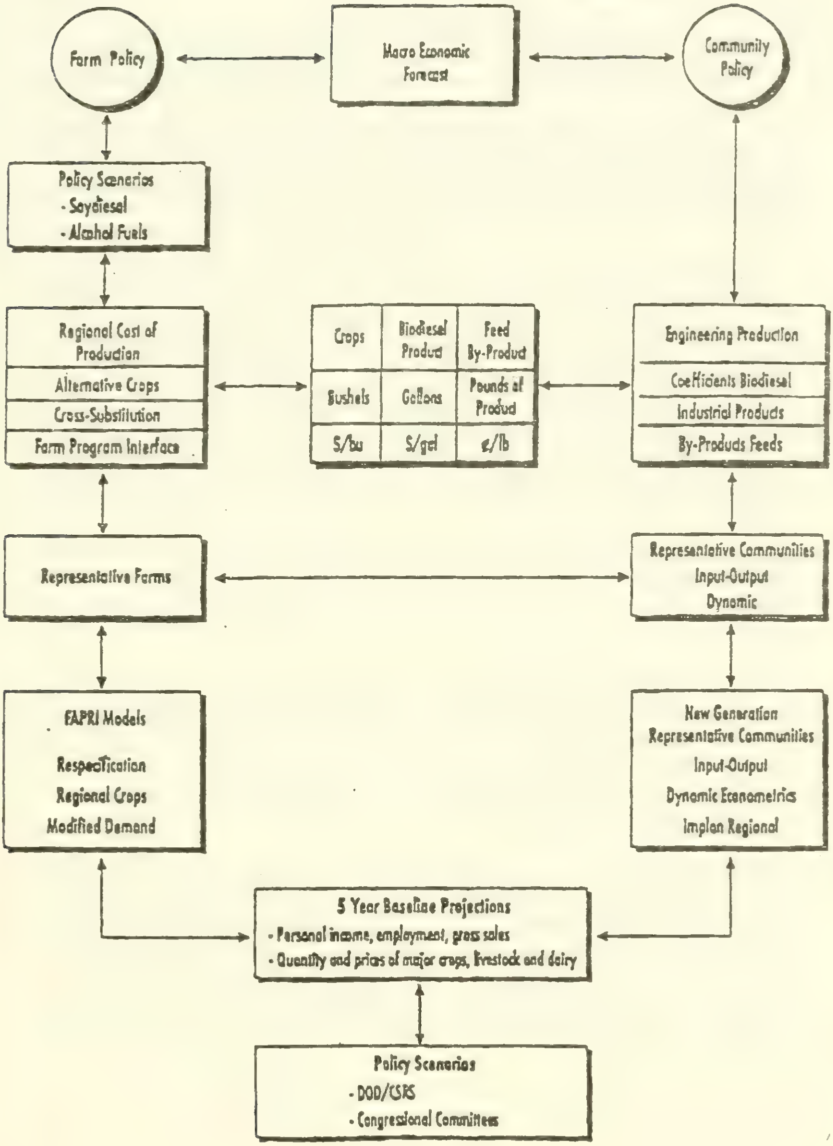


Chart III


Farm Policy
Macro Economic Forecast
Community Policy
Policy Scenarios
- Soydiesel
- Alcohol Fuels
Regional Cost of Production
Alternative Crops
Cross-Substitution
Farm Program Interface
Crops
Biodiesel Product
Feed By-Product
Bushels
Gallons
Pounds of Product
$/bu
$/gal
¢/lb
Engineering Production
Coefficients Biodiesel
Industrial Products
By-Products Feeds
Representative Farms
Representative Communities
Input-Output
Dynamic
FAPRI Models
Respecification
Regional Crops
Modified Demand
New Generation
Representative Communities
Input-Output
Dynamic Econometrics
Implan Regional
5 Year Baseline Projections
- Personal income, employment, gross sales
- Quantity and prices of major crops, livestock and dairy
Policy Scenarios
- DOD/CSRS
- Congressional Committees

- Scientific institutions, such as the Missouri Botanical Garden,
- Agribusinesses, such as Monsanto, Ralston Purina and Anheuser-Busch, and
- Leading agricultural groups, such as the New Uses Council, American Soybean Association and National Corn Growers Association.

Such a link between public and private organizations will help speed the transfer of basic research into commercial opportunities.

Core Operations. The organization of the Alliance will be based on the successful experience of the Center for Plant Science/Biotechnology -- a three-year initiative funded by the state of Missouri. The Alliance will have a full-time director and small core staff. The director and core operations will likely be housed at one of the region's research universities which will provide the management and direction for the Alliance, ensure that the focussed high quality research is maintained, provide facilities for some of the laboratory-based research, and provide for training of post-doctoral students by members of the faculty. The director will maintain linkages with agribusinesses interested in commercializing the discoveries and inventions of members of the Alliance. The Alliance's university members' grants and licensing operations will help in the movement of research results into commercial applications that will benefit farmers. The director will also serve as the focal point for attracting additional national and international research funds to the initiative.

Executive Board. The Alliance will be guided by an executive board which sets direction based on identified needs and opportunities. The Board will be composed of representatives of the Alliance and other leaders drawn from the regional agribusiness community.

Science Advisory Board. The Alliance will also have a Science Advisory Board to evaluate the science conducted under its auspices. The Board would review proposals for specific research grants and ensure both the quality and relevance of the research. The membership of the Science Advisory Board would be well-rounded and should bring both high visibility, high credibility and high expectations of the research done by the group. It will be composed of members from the scientific community representing both industry and academia. Not all members need be plant scientists, but all must have demonstrated involvement in excellent science.

Local Resources. The Alliance will draw on the Missouri/Illinois region's strong base of agricultural companies, research institutions, and farm operations located in the middle of the Nation's highly productive grain belt. Agricultural products and food companies in St. Louis include Ralston Purina, Pet, Anheuser Busch, Purina Mills, Monsanto, and many more. The area also houses the national headquarters of such organizations as the American Soybean Association, National Corn Growers Association and the New Uses Council. The Missouri Botanical Garden's international plant research program, combined with the strong agricultural programs of the Universities of Illinois and Missouri, Southern Illinois University's business and biological strengths, Washington University's biological research capability, Monsanto's Life Sciences Research Center and other private research activities make this region a logical place for further agricultural research activities.

Budget. An initial federal appropriation of $1.5 million for planning and start-up would be sufficient to get the Alliance under way. This could build to $4 million by the third year. Since the Alliance would benefit farmers generally as well as the agribusiness sector, costs might ultimately be shared jointly by a blend of federal, state, university and corporate funds or in-kind services as research projects evolve.

March 30, 1994
[File:ilbi2.415]

Attachment I

ST. LOUIS REGIONAL
COMMERCE AND GROWTH ASSOCIATION
100 South Fourth Street, Suite 500
St. Louis, MO 63102 / 314-231-5555

AGRIBUSINESSES
ST. LOUIS METRO AREA

ADM/GROWMARK
1 East Grand
St. Louis, MO 63147

Agribusiness Technologies
96 Outer Road
Eureka, MO 63025

Agri Resources
1832 Fenpark
Fenton, MO 63026

Agricultural Retailers Association
339 Consort Drive
Manchester, MO 63011

Agri Stablization Conservation
1 Westbury Drive
St. Charles, MO 63301

Agri Systems International
231 South Bemiston
St. Louis, MO 63105

Allen Foods, Inc.
8543 Page Blvd.
St. Louis, MO63114

American Soy Bean Association
540 Maryville Center Drive
St. Louis, MO 63141

Anheuser-Busch, Inc.
P.O. Box 406
Chesterfield, MO 63017

Associated Grocers' Company
1130 East Road
St. Louis, MO 63110

Biokyowa, Inc.
1400 Elbridge Payne
Chesterfield, MO 63017

Bunge Corporation
P.O. Box 28500
St. Louis, MO 63146

Busch Agricultural Resources
One Busch Place
St. Louis, MO 63118

Coca Cola Bottling Company
19 Worthington Drive
Maryland Heights, MO 63043

Farm Credit Banks of St. Louis
P.O. Box 504
St. Louis, MO 63166

Farm Credit Administration
13537 Barrett Parkway Drive
Manchester, MO 63021

Farm Equipment Manufacturers Assn.
243 North Lindbergh Blvd.
St. Louis, MO 63141

Farm & Power Equipment Dealers Mag.
9701 Gravois
St. Louis, MO 63127

Farm & Power Equipment Magazine
10877 Watson Road
St. Louis, MO 63127

Golden Dipt Company
240 Larkin Williams
Fenton, MO 63026

Haas Baking Company
9769 Reavis Park Drive
St. Louis, MO 63123

Holten Meat, Inc.
8525 Page
St. Louis, MO 63114

Hunter/Krey Distribution Co.
6038 North Lindbergh Blvd.
Hazelwood, MO 63042

Lange-Stegmann Fertilizer Co.
1 Angelica Street
St. Louis, MO 63147

Mallinckrodt, Inc.
675 McDonnell Blvd.
Hazelwood, MO 63042

Missouri Mills, Inc.
5100 Oakland Ave., Rm 300
St. Louis, MO 63110

Monsanto Agricultural Products
800 North Lindbergh Blvd.
St. Louis, MO 63167

Monsanto-Queeny Plant
1700 South 2nd Street
St. Louis, MO 63177

Moore Food Distributors
9910 Page Avenue
St. Louis, MO 63132

Mrs. Allison's Cookie Co.
1780 Burns Avenue
St. Louis, MO 63132

MS Valley Farm Equip. Assn.
10877 Watson Road, Ste. 300
St. Louis, MO 63127

Nabisco Brands, Inc.
2021 Congressional
St. Louis, MO 63146

National Corn Growers Assn.
1000 Ececutive Parkway, Ste. 105
St. Louis, MO 63141

National Fertilizer Solutions Assn.
339 Consort Drive
Manchester, MO 63011

Page 3

Old Vienna Snacks
3901 Union Blvd.
St. Louis, MO 63115

Pet, Inc.
400 South 4th Street
St. Louis, MO 63102

Pevely Dairy Company
1001 South Grand
St. Louis, MO 63104

The Pillsbury Company
5020 Shreve
St. Louis, MO 63115

Purina Mills
1401 South Hanley
St. Louis, MO 63144

Ralston Purnia Company
Checkerboard Square
St. Louis, MO63164

Raskas Foods, Inc.
165 North Meramec
St. Louis, MO 63105

Ravarino & Fresci (Borden)
5030 Berthold
Rold Gold Foods Div.
2445 South Wharf Street
St. Louis, MO 63104

Shell Chemical Company
500 Chesterfield Center
Chesterfield, MO 63017

Sunmark, Inc.
10795 Watson Road
St. Louis, MO 63127

Conagra Frozen Foods
4891 Greenton Court
St. Louis, MO 63128

Consolidated Grain & Barge Co.
1750 South Wharf Street
St. Louis, MO 63104

Doane Information Service
11701 Borman Drive
St. Louis, MO 63146

Dow Chemical USA
12647 Olive Street Road
St. Louis, MO 63141

ST. LOUIS REGIONAL
COMMERCE AND GROWTH ASSOCIATION
100 South Fourth Street, Suite 500
St. Louis, MO 63102/314-231-5555

AGRICULTURE
GOVERNMENT OFFICES
ST. LOUIS

STATE OF MISSOURI-DEPARTMENT OF AGRICULTURE

Grain Inspection & Weighing
101 Ferry
St. Louis, MO

UNITED STATES-DEPARTMENT OF AGRICULTURE

- Agriculture Marketing Service
  - Fresh Fruit & Vegetable Inspection
  - Fresh Fruit & Vegetable Market News
  - Poultry Division
- Agricultural Stabilization & Conservation Service-St. Louis
- Animal and Plant Health Inspection Service
  - Plant Protection and Quarantine Programs
- Extension Service
- Farmers Home Administration
  - Finance Office
- Food and Nutrition Service Field Office
- Food Safety & Inspection Service
  - FSIS Compliance Div
  - FSIS Midwestern Laboratory
- Market News Branch
- Milk Marketing Administrator
- Office of Inspector General
- St. Charles County Agricultural Service Center
- St. Louis County Agricultural Service Center
- Soil Conservation Service

Mr. DURBIN. I also have two statements from the University of Illinois which I will include in the record at this point. The first statement is on the special research grant dealing with aflatoxin in corn and the second involves the Center for Farm and Rural Business Finance.

[The statement follows:]

TESTIMONY SUBMITTED TO
THE U. S. HOUSE OF REPRESENTATIVES
APPROPRIATIONS SUBCOMMITTEE ON
AGRICULTURE, RURAL DEVELOPMENT, FDA, AND RELATED AGENCIES

The Honorable Richard J. Durbin, Chairman

Washington, D.C.

April 12, 1994

by

THE UNIVERSITY OF ILLINOIS

Stanley O. Ikenberry, President

W. Reginald Gomes, Dean, College of Agriculture

Donald A. Holt, Director, Agricultural Experiment Station

MR. CHAIRMAN AND DISTINGUISHED MEMBERS OF THE AGRICULTURE, RURAL DEVELOPMENT, FDA, AND RELATED AGENCIES SUBCOMMITTEE:

Our testimony is on behalf of the federally-funded project entitled "Studies to Reduce the Aflatoxin Problem in Corn" being carried out in the departments of Agronomy and Plant Pathology by Professors J. Widholm and D. White at the University of Illinois. We wish to thank you, Mr. Durbin, and the Committee for appropriating $620,000 to date for this important research.

We are happy to report that, enabled by this support, our scientists continue to make good progress toward reducing or eliminating aflatoxin in corn grain. This is a difficult undertaking because of the complexity of the plant/fungus/environment relationship and the genetic diversity of corn hybrids in use. Therefore, it will take time to implement fully the prototype resistance and control measures developed in the project.

Aflatoxin on corn is a very important problem. The problem is exacerbated by moisture stress. If only 5 to 30 percent of the crop is under moisture stress, direct losses in yield and quality are estimated at $500 million. This loss estimate does not include the harmful social and economic effects of aflatoxin that may find its way into corn-based food products and pose a significant health hazard to consumers. This is the most important aspect of the aflatoxin problem and one that we are working hard to address.

We request that the Committee appropriate $180,000 to support the program in fiscal year 1995. This amount will allow us to maintain the momentum and productivity of this innovative aflatoxin research program and to capitalize on the progress made to date, which is summarized below.

Progress Report
Studies to Reduce the Aflatoxin Problem in Corn

Aflatoxin is one of the most carcinogenic compounds. It is very detrimental to the health of humans or other animals that ingest it. The compound is often found on corn seed if the fungus which makes it, *Aspergillus flavus*, is present. Due to the danger posed, aflatoxin levels are closely monitored in corn grain. If they are too high in a given sample, the grain represented by the sample cannot be sold.

Aflatoxin causes health hazards to consumers and loss and inconvenience to corn producers. There is a cost associated with monitoring aflatoxin levels. Aflatoxin problems occur in the Midwest in years of weather-induced stress, which means it is largely unpredictable. The toxin can form on the maturing grain before harvest and in stored grain if the moisture levels are too high.

The specific objectives of the project are to:

a. Through field tests, identify resistant germplasm and evaluate new genetic material generated by genetic engineering.

b. Using tissue culture techniques, evaluate and select corn cultures that inhibit *Aspergillus flavus* growth or aflatoxin production and regenerate promising plants for evaluation.

c. To transform corn with antifungal genes encoding enzymes such as chitinase and B-glucanase, which may impart resistance to *A. flavus*.

d. To determine the effect of fungicides on *A. flavus* growth and aflatoxin production.

These studies should enable us to identify *A. flavus* resistance in current germplasm or produce new resistant corn genotypes that can be used for commercial corn production in the United States.

In the field screening, we used a refined injection device through which fungal inoculum is injected into several corn kernels simultaneously. The injection device is mounted at the end of a spray gun attached to a backpack sprayer. The inoculator is aligned with the ear and the pins pushed through the husk and into the kernels. Ears are inoculated 20 days after pollination and rated four to five weeks later.

Each year, thousands of ears obtained from parents and three subsequent generations have been evaluated for fungal growth and aflatoxin levels. Crosses are used so that dominant resistance will be identified. This will make commercial hybrid production much easier since only one of the parents needs to carry the resistance. A number of sources of resistance have been found by this screening.

We expect by the completion of this project to have released several sources of resistance that will have at least half of their backgrounds related to the commercially important inbreds B73 and/or Mo17. These sources of resistance will be much more useful to corn breeders than the parental sources because they are more closely related to Midwestern corn belt germplasm and more readily incorporated into commercial corn varieties.

We have developed better and more rapid ways to screen corn lines for resistance to *A. flavus*, using tissue culture techniques. Using these techniques, we are also able to study various control mechanisms and understand better the physiology of the fungus. Fungal growth is measured by counting spores in water after autoclaving. This method has given quantitative and reproducible results with several hybrids studied. There have been differences in spore numbers when different corn genotypes are used. This may allow routine screening of lines for resistance.

The fungus grows very well on maize callus tissue and on the usual culture medium. Lower than normal temperatures (10-19 degrees C) and the fungicide Benomyl slow *A. flavus* growth, even at concentrations that do not inhibit callus growth. Certain media can somehow induce the callus to become resistant to fungal overgrowth. Surprisingly, we have found that maize callus extracts on filter paper discs are quite inhibitory to *Penicillium* species spore germination. We do not fully understand the significance of this discovery as yet.

To transform corn genetically so *A. flavus* cannot grow on the kernels, we cloned the genes for chitinase and B-1, 3-glucanase, which are enzymes known to be involved in plant antifungal response. These enzymes attack chitin and B-1, 3-glucans, which are important components of fungal cell walls. We have used the chitinase and B-1, 3-glucanase clones as probes in studies to determine the pattern of expression of chitinase and B-1, 3-glucanase genes in corn kernels challenged with *A. flavus*. Although high levels of expression were observed in leaf samples, only very low levels of expression were found in seeds.

This indicates that the low amounts of these enzymes in seed tissues may cause the low levels of natural resistance of corn kernels to *A. flavus* infection. As a means of increasing levels of these enzymes in seed tissues, we generated chimeric gene constructs in which the expression of chitinase and B-1, 3-glucanase enzymes is dependent on highly active, seed-specific gene promoters, or regulatory regions.

We are now attempting to transform corn callus by shooting the chitinase and B-1, 3-glucanase genes along with the promoters into corn cells using a particle gun. The transformed tissues are selected for a resistance marker also carried by the DNA. We have regenerated hundreds of plants but so far none have been transformed.

We know that the chitinase gene is active since we have placed it into an easily transformed plant, tobacco, and we see expression. The gene is inherited by progeny of transformed tobacco plants and appears to impart some resistance to certain fungal pathogens. Since corn is very difficult to transform using genetic engineering techniques, this part of the study will require persistence. Even one successful transformation, however, could be very important in the control of aflatoxin.

According to our studies of fifteen widely grown commercial corn hybrids, there is little or no *A. flavus* resistance in commonly grown hybrids. They apparently lack resistance genes. The growth of *A. flavus* in stored grain can be slowed by the application of low levels of a fungicide, as shown in our studies.

We are confident that this project will result in the release of some adapted corn breeding lines resistant to *A. flavus* and useful to corn breeders. As a result of the project, we will also learn whether or not the expression of chitinase and B-1, 3-glucanase in the seed will prevent growth of *A. flavus* and possibly other fungi. If this turns out to be the case, we will have generated a powerful approach to inducing fungal resistance in corn. We will soon know if it is practical to use tissue culture test systems to identify resistant germplasm. We have already shown that fungicides do decrease *A. flavus* growth in stored grain. The project is generating a number of papers with both practical and scientific value.

Summary and Request for Support

We believe this project is making excellent progress toward the desired outcome of reducing or eliminating aflatoxin as a serious problem in corn production and use. The key step of releasing corn breeding lines resistant to the causal organism is in sight. Procedures for controlling the causal organism using fungicides in stored grain are now available.

Perhaps most important, the researchers will soon know if important antifungal enzymes can be introduced into corn through genetic engineering and if these enzymes will significantly increase the ability of corn to withstand not only the fungus that produces aflatoxin but a number of other fungi as well. This would be an extremely important breakthrough. The prospects for success in this transformation appear to be excellent.

To realize fully the benefits of the previous investment of federal funds, it will be important to sustain the level of activity and momentum of the project. We respectfully request that the Committee provide $180,000 in federal support in FY 1995 to continue this promising project.

TESTIMONY SUBMITTED TO
THE U. S. HOUSE OF REPRESENTATIVES
APPROPRIATIONS SUBCOMMITTEE ON
AGRICULTURE, RURAL DEVELOPMENT, FDA, AND RELATED AGENCIES

The Honorable Richard J. Durbin, Chairman

Washington, D.C.

April 12, 1994

by

THE UNIVERSITY OF ILLINOIS
COLLEGE OF AGRICULTURE

David L. Chicoine, Head
Department of Agricultural Economics

THE UNIVERSITY OF ARKANSAS AT FAYETTEVILLE
COLLEGE OF AGRICULTURE

J. Charles Headley, Head
Department of Agricultural Economics and Rural Sociology

MR. CHAIRMAN AND DISTINGUISHED MEMBERS OF THE AGRICULTURE, RURAL DEVELOPMENT, FDA, AND RELATED AGENCIES SUBCOMMITTEE:

We are once again pleased to offer this testimony on behalf of the *Center for Farm and Rural Business Finance*. Formalized late in 1991, the Center is a federally assisted initiative undertaken jointly by the Department of Agricultural Economics at the University of Illinois and the Department of Agricultural Economics and Rural Sociology at the University of Arkansas. Again, we want to thank you, Chairman Durbin, and the Committee for appropriating $125,000 for the years FY 1992, 1993 and 1994, which has enabled us to initiate the work of this Center.

In addition to federal funding for FY 1994, the Center is supported through the following funds:

- $242,900 in faculty-researcher salaries through the Illinois and Arkansas Agricultural Experiment Stations;

- $45,000 from the State of Illinois; and

- $133,000 from private and finance industry sources.

To fully establish and institutionalize the Center, an additional $532,000 in federal funding is requested for FY 1995.

Background and Need. The Center is an ongoing response to the significant structural changes among the providers of financial capital for U.S. farm and rural businesses through the mid-1980s and continuing into the '90s. During this period, producers and capital providers have retrenched; new capital providers have entered the market for the first time; laws affecting the industry have been altered at state and federal levels; a patchwork of state-sponsored programs have emerged; structural changes in the banking and Farm Credit systems have prompted new strength but also uncertainty; non-traditional capital sources for agriculture are displacing traditional sources.

During the 1990s, the internationalization of the financial industry continues; vertical coordination and growing emphases on strategic alliances among farm and rural businesses carry strong financial implications for producers and integrators and their capital providers as well.

The farm and rural economies continue to experience increasing uncertainty as their capital providers reexamine their commitments to rural capital uses.

These concerns are in addition to the inherent risks associated with the provision of capital to farm and rural sectors. As a result, there remains a greater-than-ever premium on information and understanding of credit relationships and among the changing providers and users of essential capital in rural America. In response, the Center provides an ongoing and objective research and information base for decision-making by farm and rural businesses, their lenders, investors and policy makers.

Accomplishments. A major effort of the Center has been to organize, establish working relationships, make the Center known, and initiate the work of the Center. Accomplishments of the Center during the past year are at three levels of ongoing inquiry within the Center.

I. Financial management and performance of farm and rural businesses. In this area, the Center has:

- Evaluated the *debt-carrying capacity of geographically dispersed farms* with results indicating the significant differences in debt capacity among farms with different tenure positions, size, and risk attitude of farmers.

- *Evaluated the role of reverse mortgages combined with life insurance as financial management tools* in farm retirement/estate and transition planning. The reverse mortgage can yield higher values of net estate transferred for selected farm situations and estate liquidity is increased as well.

- Developed a computerized model to quickly and accurately determine the *merits of a proposed farm loan refinancing*. The model is being shared with potential users via the Internet system.

- Evaluated the *economic features of installment land contracts* as compared with other real estate financing techniques finding that average downpayments and interest rates are lower under seller financing, but risk through leverage changes are increased as well.

- Published *Financial Characteristics of Illinois Farms*, an annual publication that provides benchmark financial ratios and financial statement data for farms classified by size, type, tenure, leverage, and age of operator. This publication is widely used by farmers, agribusiness firms, and the lending community.

II. Financial markets and credit institutions serving rural America. In this area, the Center has:

- Evaluated the changing *role and structure of the farm credit banks* through agency cost analysis taking into account the growing size and stronger lending capacities of farm credit associations upon the intermediation and service roles of the Farm Credit Banks. Results indicated a diminishing role for the banks and, consistent with consolidations underway, a substantial reduction in the number of farm credit banks is feasible to consider.

- *Analyzed Agricultural Lender Market Shares* in Arkansas to identify county characteristics that were related to changes in commercial bank market shares and the state of Arkansas. The results imply a market niche for rural commercial banks emphasizing agricultural loans in the presence of unlimited branch banking.

- *Surveyed several vendor finance operations* and documented the size, organization, standards, and purpose of each to provide a better understanding of the segments served by these lenders and the impacts on customers and competitors of their programs.

- Completed a study relating to the *economic motivations of vendor financing* which demonstrates that vendor finance operations will optimally lend to riskier borrowers than traditional lenders. Empirical evidence provided also supports the theoretic developments although loss rates by vendors appear to be fairly low.

- *Identified and analyzed factors causing price of loan variation among commercial banks* with variations attributable to competitiveness and bank characteristics including variations in proposed loan structures as to monitoring and levels of risk aversion among the banks.

- Developed the *basis for a risk-based capital test for the Federal Agricultural Mortgage Corporation - Farmer Mac*. The test will be implemented by the Farm Credit Administration in its regulation of Farmer Mac's capital structure.

- *Examined Agricultural and Rural Bank Efficiency* to enable better predictions of bank survivals with preliminary conclusions of this continuing study suggesting that most inefficiency is in the output, not input levels, of bank operations.

- Developed *improved ag-credit evaluation procedures* for lenders to use in reviewing the quality of their agricultural loan portfolios using experimental and statistical approaches in the development of credit scoring models. These procedures have been adopted by many agricultural banks and by several farm credit system institutions.

- Completed a study of real estate transfer declarations to document *arms-length land-turnover rates*, finding them to be substantially lower than previously thought indicating very "shallow" markets and perhaps signaling a changing structure of farmland markets.

- Developed a framework to evaluate *financial risks of production contracts* to suppliers of agricultural capital which is useful in evaluating risk exposures of lenders to integrated operations.

- Determined and evaluated the *differences between cash and accrual measures of income* and the impacts upon lending and management decision-making. Results indicate substantial discrepancies between cash and accrual measures of income and point out the problems associated with tax-based measures of farm profitability.

III. Farm and rural business financial and credit policies and programs of state and federal government. In this area, the Center has:

- Developed a *model for valuation of loan guarantees* that will be useful in setting guarantee fees and other terms and in *gauging the aggregate liability of a loan guaranty program* based upon a pool of participants.

- Evaluated the *Impacts of Government Programs on Farm Structure and Diversification.*
- Developed parameters for a *new state loan guarantee program for young farmers.* These results were shared with state legislators and were in part incorporated into new laws.
- Began development of a computer model *to project financial progress of representative farms eligible for FmHA beginning farmer loans.*
- *Examined cases of 191 Chapter 12 filers in Arkansas.* Continuing analysis will identify characteristics indicative of success or failure of Chapter 12 plans.

The National Symposium for Agricultural Finance Executives. Responding to the changing and increasingly diverse and non-traditional channels through which capital is being provided to farm and rural businesses, this annual event provides the focus for the outreach activities of the Center. In April of 1993, the Center hosted the second annual National Symposium for Agricultural Finance Executives. This major initiative of the Center provides an annual and unique forum for major decision-makers involved with the financing of farm and rural businesses -- providers, users, scholars, and policy makers -- to consider and interact on strategic issues of common concern,

Work in Progress. Continuing its work at each of these three levels of inquiry, among major projects pending during FY 1995 will be to:

- Identify research and educational programs that contribute to *financial growth and community contributions of small farms in agriculture.*
- Develop a framework for *examining vertical coordination mechanisms in agricultural and food markets* based on transaction cost and agency concepts and to evaluate how coordination choices are influenced by risk, asset specificity, and financing terms; and to link vertical coordination decisions to producer preferences for alternative risk sharing arrangements.
- Develop a means for *valuation of Farmer Mac guarantees*, for use in development of regulatory guidelines for Farmer Mac capital requirements and guarantee fees.
- Examine incidence and implications of *prepayments on agricultural mortgages.*
- Determine and demonstrate the *long term impact of government commodity programs upon farm specialization* and resulting increase in production of supported crops.

- Apply information and agency concepts to understand and *improve capital structure decisions by agricultural producers.*

- Continue examination of *economics of vendor financing* using a model describing the motivations for vendor financing.

- Evaluate the *competitiveness of leasing* relative to debt financing in agriculture and to identify factors contributing to this competitiveness.

- Apply a credit scoring model to loans rejected by one lender but made by another under different recourse relationships with the objective of *refining and developing credit discrimination models for rural lenders.*

- *Identify managerial and organizational characteristics* of high performance financial institutions in a dynamic, competitive environment.

- *Develop and evaluate a Farmland Returns Index* using actual farm records to better measure the returns to farmland investors.

- *Explain Farmland Price Dynamics* to better understand a farmer's probability of experiencing credit constraints.

- Determine the number of borrowers and lenders affected by state debt restructuring program requirements of ten-year balloon payments; to *evaluate the resulting problems for borrowers seeking refinancing* and for lenders facing legal lending limit problems and to suggest possible courses of action.

- Assess the *potential for farmers to diversify their investments through purchase of stocks and agribusiness corporations* versus more general investments such as bond or stock mutual funds.

- Evaluate the *feasibility of asset securitization* as a means to minimize the cost of raising capital to finance agricultural production and agribusiness.

- Complete *functional cost analysis of non-traditional lender* to compare funding, delivery, regulatory, credit assessment, risk bearing capacity, and risk bearing costs to traditional channels of delivering credit to agricultural producers.

Again, as a major program of the Center, the Center will host the third annual *National Symposium for Agricultural Finance Executives* in April of 1994.

Finally, we note with considerable interest the possibility of a Rural Policy Summit during the coming year and use this opportunity to renew the offer of Center resources in support of this timely initiative.

Resources. The Center draws primarily from the combined resources of the Universities of Illinois and Arkansas, each with a record of consistent leadership in agricultural and rural finance and in agricultural law. The work of the Center is carried out by a team of more than thirty faculty, academic professionals and graduate students at these two institutions. Ensuring a multi-regional approach to the issues involved, however, the Center draws upon the resources of other institutions as well.

With the requested federal funding and with continuing increases in state, private and projects/grants funding, the Center expects to become fully institutionalized. As among the Center's three primary areas of ongoing inquiry, federal funding would be evenly applied and would be distributed among research and development, outreach and education, and administrative costs as indicated on the attached Exhibit A.

Endorsement. The Center continues to enjoy a broad base of support with special assistance and active involvement of the Illinois and Arkansas Farm Bureau, AgriBank, FCB, St. Paul, MN and the Farm Credit Associations of Illinois and Arkansas. We are pleased to note the attached list of groups and institutions that have given their endorsement to the Center.

Summary. The Center for Farm and Rural Business Finance is a program of ongoing research and education targeted at the financing of farm and rural businesses. It is a response to the information needs of these businesses, their credit providers and policy makers following the economic upheaval of the 1980s and the now increased uncertainties for the farm and rural sectors through the balance of the 1990s. With state and private funding and with appropriations of $125,000 for FY 1992 and FY 1993 and (after rescission) $118,000 for FY 1994, the work of the Center is well underway. An appropriation of $532,000 is needed to complete the requisite $900,000 in federal start-up assistance to establish the Center and its program of research and financial information.

EXHIBIT A

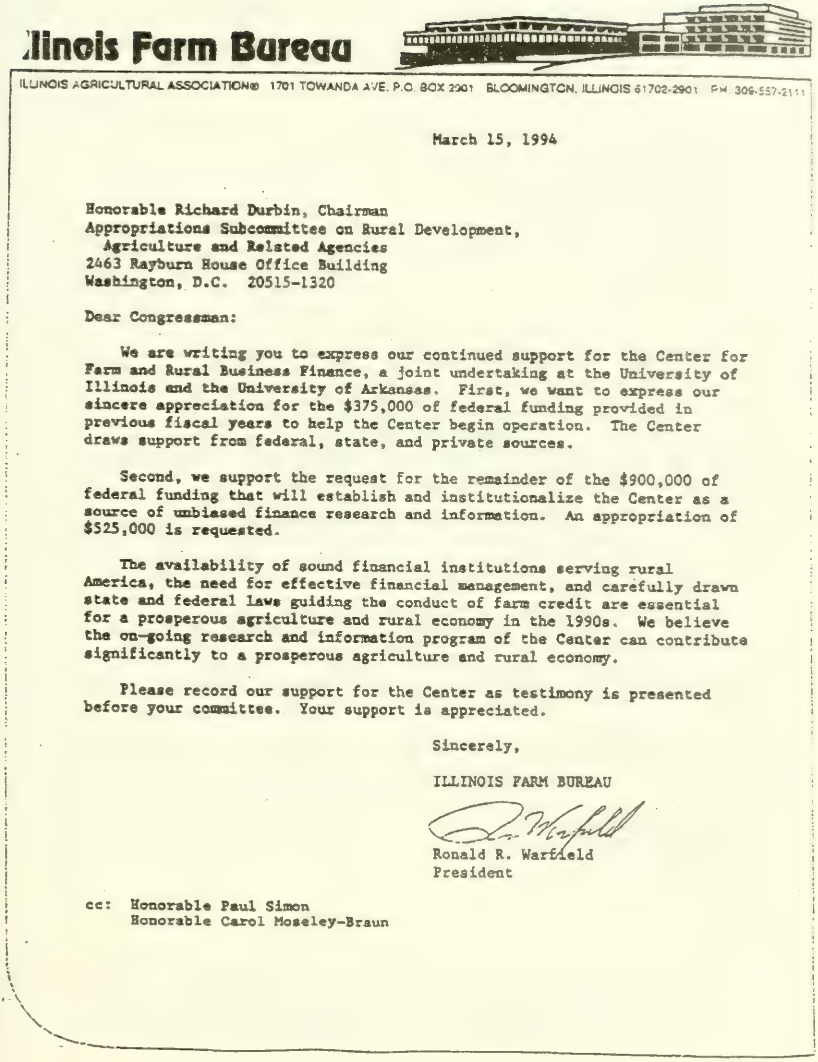
The National Center for Farm and Rural Business Finance	
Start-up Planning Budget Summary	
Area of Ongoing Inquiry	**Remaining Federal Funding Needed** (000s)
I. Financial Management and Performance of Farm and Rural Businesses	
Research and Development	109.9
Outreach and Education	36.6
Operational and Administrative Support	30.7
Subtotal	177.3
II. Financial Markets and Credit Institutions Serving Rural America	
Research and Development	109.9
Outreach and Education	36.6
Operational and Administrative Support	30.7
Subtotal	177.3
III. Public Policies and Programs: Impact on Financial Health of Rural America	
Research and Development	109.9
Outreach and Education	36.6
Operational and Administrative Support	30.7
Subtotal	177.3
Federal Funds Totals	532.0

March 1994

Support and Endorsements for the Center for Farm and Rural Business Finance

Formalized in 1991, the Center has enjoyed the endorsement of these organizations:

American Bankers Association
The Farm Credit Council
National Rural Electric Cooperative Assn.
CoBank (National Bank for Cooperatives)
National Corn Growers Association
AgriBank, FCB
Illinois Farm Development Authority
Illinois Bankers Association
Community Bankers Association of Illinois
Arkansas Farm Bureau
Illinois Farm Bureau
Illinois Farmers Union
Riceland Foods, Stuttgart, AR
SF Services, Little Rock, AR
Illinois Corn Growers Association
Illinois Soybean Association
Arkansas Rural Electric Cooperatives
Soyland Power Cooperative, Inc.
Farm Credit Services of Southeastern Illinois
Farm Credit Services of Northern Illinois
Farm Credit Services of Central Illinois
Farm Credit Services of West Central Illinois
Farm Credit Services of Eastern Arkansas
Farm Credit Services of Central Arkansas
Farm Credit Services of Western Arkansas
Arkansas Soc. of Prof'l Farm Managers and Rural Appraisers
Illinois Soc. of Prof'l Farm Managers and Rural Appraisers



linois Farm Bureau

ILLINOIS AGRICULTURAL ASSOCIATION® 1701 TOWANDA AVE. P.O. BOX 2901 BLOOMINGTON, ILLINOIS 61702-2901 PH. 309-557-2111

March 15, 1994

Honorable Richard Durbin, Chairman
Appropriations Subcommittee on Rural Development,
Agriculture and Related Agencies
2463 Rayburn House Office Building
Washington, D.C. 20515-1320

Dear Congressman:

We are writing you to express our continued support for the Center for Farm and Rural Business Finance, a joint undertaking at the University of Illinois and the University of Arkansas. First, we want to express our sincere appreciation for the $375,000 of federal funding provided in previous fiscal years to help the Center begin operation. The Center draws support from federal, state, and private sources.

Second, we support the request for the remainder of the $900,000 of federal funding that will establish and institutionalize the Center as a source of unbiased finance research and information. An appropriation of $525,000 is requested.

The availability of sound financial institutions serving rural America, the need for effective financial management, and carefully drawn state and federal laws guiding the conduct of farm credit are essential for a prosperous agriculture and rural economy in the 1990s. We believe the on-going research and information program of the Center can contribute significantly to a prosperous agriculture and rural economy.

Please record our support for the Center as testimony is presented before your committee. Your support is appreciated.

Sincerely,

ILLINOIS FARM BUREAU

Ronald R. Warfield
President

cc: Honorable Paul Simon
Honorable Carol Moseley-Braun

Firstbank of Illinois Co.

205 South Fifth Street
P.O. Box 19264
Springfield, IL 62794-9264
(217) 753-7543

March 22, 1994

The Honorable Richard Durbin, Chairman
Sub Committee on Agriculture, Rural
Development and Related Agencies
2463 Rayburn House Office Building
Washington, D.C. 20515-1320

Re: FY 1995 Federal Appropriations for the Center of Farm
and Rural Business Finance

Dear Honorable Durbin:

On behalf of the agricultural banking community of Central Illinois and the farm clients benefiting from the programs of the Center of Farm and Rural Business Finance, I request a favorable consideration for appropriations of $525,000 to finish out and continue the work being done by the Center. The need for this appropriation is very timely since we are still going through economic adjustments in agriculture. In the past, the Center has provided information to credit institutions serving rural America in helping us to evaluate the changing role and structure of farm credit banks, helping us to evaluate the debt-carrying capacity of the various geographically disbursed farms, and has assisted us in supplying timely information.

Probably the one area that has been very beneficial to me as a Loan Officer has been the two meetings held by the National Syposium for Agricultural Finance Executives. The information given to us at this seminar has been very helpful in our efforts to extend sound credit to the agricultural community.

It is my understanding that there is work in progress that will be even more beneficial to us as professional lenders. One of the areas, is the valuation of Farmer Mac Guarantees.

The Center has been responseful to the informational needs of our farm businesses, the credit providers and policy makers.

It is my understanding that an appropriation of $525,000 is needed to complete the federal start-up assistance needed to establish the Center and its program of essential farm and rural business research and financial information. I would recommend any assistance you can give us.

Sincerely,

David R. Breeze
Vice President
Agricultural Services

DRB:bb

cc: The Honorable Carol Mosley-Braun
U.S. Senate
108 Hart Senate Office Building
Washington, D.C. 20510-1303

The Honorable Paul Simon
U.S. Senate
462 Dirksen Senate Office Building
Washington, D.C. 20510-1302

Farm Credit Services
of Northern Illinois

Central Office
2S101 Harter Road
P.O. Box 131
Kaneville, IL 60144
708-557-2425
FAX: 708-557-2221

March 17, 1994

Honorable Richard Durbin, Chairman
Appropriations Subcommittee on Rural Development,
Agriculture and Related Agencies
2463 Rayburn House Office Building
Washington, D.C. 20515-1320

Dear Congressman Durbin:

I am writing to express both my personal support, and the support of the Farm Credit Services of Northern Illinois, for continued funding for the Center for Farm and Rural Business Finance.

This partnership of the University of Illinois and University of Arkansas continues to benefit Illinois farmers through its many research efforts relating to farmers' current and future financial needs.

Farm Credit Services in Illinois have supported and worked closely with the Center over the past several years. The Center continues as a valuable and important source of information to farmers and agricultural lenders as both work in concert to ensure that farm producers have adequate sources of constructive credit and related services in the future.

We are requesting the approval of the FY95 appropriations of $525,000, which is the amount remaining from the initial request of $900,000 start-up federal support presented in FY91.

We appreciate your continuing support of agriculture and its producers.

Sincerely,

John D. Webb
President

bcc: David L. Chicoine

March 16, 1994

Honorable Richard Durbin, Chairman
Appropriations Subcommittee on
Rural Development
Agriculture and Related Agencies
2463 Rayburn House Office Building
Washington, D.C. 20515-1320

Dear Representative Durbin:

The Illinois Society of Professional Farm Managers and Rural Appraisers urges your continued support of the Center for Farm and Rural Business Finance. The initial three years of this work has set the frame work for an ongoing informational source to farm and rural businesses. Now, an appropriation of $532,000.00 is needed to complete the Federal start up assistance to fully establish the center and its program of farm and rural business research and financial information. Farm and rural economies continue in jeopardy as the capital providers re-examine their commitments to the rural community.

Thank you for your continued support of our rural economies.

Sincerely,

Jerry Hicks

Jerry R. Hicks, AFM
Senior Farm Manager

Chairman, Illinois Society of Professional
Farm Managers and Rural Appraisers
Governmental Affairs Committee

cc: Honorable Carol Moseley-Braun
U.S. Senate
108 Hart Senate Office Building
Washington, D.C. 20510-1303

Honorable Paul Simon
U.S. Senate
462 Dirksen Senate Office Building
Washington, D.C. 20510-1302

bcc: David Chicoine
Department Head
Department of Agricultural Economics
305 Mumford Hall
1301 West Gregory Drive
Urbana, Illinois 61801

SENATOR VINCE DEMUZIO
ASSISTANT MINORITY LEADER
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ILLINOIS STATE SENATE

March 22, 1994

The Honorable Richard Durbin
Chairman
Appropriations Subcommittee on Rural Development
Agriculture & Related Agencies
2463 Rayburn House Office Building
Washington, D.C. 20515-1320

Dear Congressman Durbin:

I am writing this letter in behalf of the Center for Farm and Rural Business Finance. The Center is a federally-assisted entity operated jointly by the Department of Agricultural Economics at the University of Illinois and the Department of Agriculture Economics and Rural Sociology at the University of Arkansas. The Center is requesting an FY 95 appropriation of $525.0 thousand which is the amount remaining from the initial request of $900.0 thousand start-up federal support presented in FY 91.

The Center for Farm and Rural Business Finance provides ongoing research and education targeted at the financing of farm and rural businesses. This entity responds to the needs of these businesses, their credit providers and policy makers following the economic upheaval of the 1980 and the now increased uncertainties for the farm and rural sectors through the balance of the 1990.

This appropriation is a needed component for the Center which provides esssential services to our farmers and rural businesses in developing research and financial information. I wholeheartedly support their efforts and urge your support in Congress to provide the necessary revenue to continue their efforts.

With personal regards, I remain

Sincerely,

Vince Demuzio

Vince Demuzio
Assistant Minority Leader
49th Senate District

VTD:jw

Mr. DURBIN. I also have four other statements which I will insert in the record at this point. The first is from Mr. Ken McHugh, Executive Vice President for Business and Finance at Depaul University in Chicago. The second is from Illinois State University involving aquaculture research. The third is from the Illinois Corn Growers Association and involves ethanol research and the fourth statement is from a coalition of Universities who have formed the Food Animal Production Medicine Consortium.

[The statement follows:]

TESTIMONY OF
MR. KEN McHUGH

EXECUTIVE VICE PRESIDENT FOR BUSINESS AND FINANCE

DEPAUL UNIVERSITY
CHICAGO, ILLINOIS

BEFORE THE AGRICULTURE, RURAL
DEVELOPMENT, FDA, AND RELATED
AGENCIES SUB-COMMITTEE OF THE
COMMITTEE ON APPROPRIATIONS
U.S. HOUSE OF REPRESENTATIVES

STATEMENT OF MR. KEN McHUGH, EXECUTIVE VICE PRESIDENT FOR BUSINESS AND FINANCE, DEPAUL UNIVERSITY, CHICAGO, ILLINOIS

I appreciate this opportunity to address your sub-committee, Mr. Chairman. My name is Ken McHugh , and I serve as Executive Vice President for Business and Finance for DePaul University of Chicago, Illinois.

DePaul University is a comprehensive university committed to teaching and serving a large and diverse student population. DePaul enrolls 16,500 students in day, evening and weekend programs conducted at its Lincoln Park and Loop Campuses, and at suburban locations near Oak Brook, University Park, and O'Hare International Airport. Founded in 1898, the University has seven major academic divisions: the College of Commerce (including the School of Accountancy), the College of Law, the College of Liberal Arts and Sciences, the School of Education, the School of Music, the School for New Learning, and the Theatre School. DePaul was rated #1 for its academic reputation among the Midwest's regional comprehensive universities in the 1992 college rankings of "U.S. News and World Report."

POPULATION SERVED

DePaul's student body reflects the increasing diversity of American society and the University's mission to serve all qualified students regardless of background. At a time when private universities and colleges are enrolling fewer minority students, DePaul has succeeded in attracting and retaining a growing number of students from all racial and ethnic groups. In 1993, 31% of incoming freshmen were minorities, up from 26% in 1989 and more than twice the decreasing national average of 15%. DePaul also serves minority communities through specific academic programs. The Center for African American Research and the Center for Latino Research, for example, produce scholarship and convene conferences and symposia related to a wide range of African American and Latino issues.

DEPAUL'S MISSION

DePaul places the highest priority on excellent educational programs that are accessible to qualified students of all backgrounds. Public service is the other vital element of the University's mission. Faculty, staff, and students are encouraged to apply their expertise to improve the social, economic, cultural and ethical quality of life in the communities where they live and work. DePaul's unique mission of education and public service manifests itself through many of its programs, including: the University's BRIDGE and STEP programs to identify promising African-American and Hispanic high school students from disadvantaged backgrounds and help prepare them academically and socially for successful university work; DePaul's Center for Urban Education reaches over 300 inner-city schools through the Urban Teacher Corps, the School-Community Learning Network, and other outreach programs that improve the delivery of public education at the elementary and secondary levels; each year, over 1,300 DePaul students participate in structured volunteer service activities; and DePaul plays a leading role in the effort to promote democracy in Eastern Europe, the former Soviet Union, Central America, Southern Africa and other parts of the world through its International Human Rights Law Institute.

REQUEST FOR FEDERAL FUNDING FOR A NEW SCIENCE BUILDING

With its central location in a diverse urban community, DePaul has always been committed to providing education to minority and first generation college students. This commitment includes a focus on recruiting and training minority students in the sciences. In the Fall of 1993, over 35% of full time undergraduate students enrolled in science and math courses at DePaul were minorities.

Many of these students were enrolled in biology (32.3%), chemistry (32.9%), and the environmental and earth sciences (16.9%). Students who major in these fields are prepared for careers that contribute directly to the quality of life for both urban and rural populations by promoting a productive environment, conserving our natural resource base, and supporting the nations expanding and increasingly complex food and agriculture system.

DePaul is committed to preparing minority students for science-based careers that contribute to the economic vitality of the Midwest but our ability is constrained by limited facilities. In addition, inadequate laboratory space impedes faculty research with agricultural implications and hinders DePaul's ability to recruit minority faculty in the sciences. While the new science building is DePaul's current top priority, recent growth and construction, coupled with DePaul's unique and vast commitment to serve the minority community, have restricted our ability to find private funding for it. Federal support would enable us to leverage additional support and bring the project to fruition thus serving DePaul's commitment to minorities and carrying out Congress' own intent of increasing minority exposure to, and participation in, the hard sciences.

THE NEW SCIENCES BUILDING

DePaul proposes to build a five-story, 50,000 square foot, $10 million Science Building for the Departments of Biology, Chemistry, and Environmental Science. The first four floors of the new facility will provide space for Biology and Chemistry Department offices, lecture halls, research labs, and computer and teaching labs. The fifth floor will house research and teaching laboratories for Biochemistry and Environmental Science. In addition to providing a state-of-the-art learning environment, the new building will be accessible to the physically challenged.

MINORITY STUDENTS IN THE SCIENCES AT DEPAUL

DePaul has in place and in the development stage the components of a comprehensive program to recruit and prepare women and minority students for graduate study and careers in the biological and environmental sciences related to the Midwest's agricultural economy. DePaul is an active member of the Chicago Alliance for Minority Participation, a consortium of six local universities funded by the National Science Foundation to increase the number of minority students receiving degrees in science, engineering, and mathematics. As part of its involvement in the Alliance, DePaul has developed enhancements to existing programs as well as new initiatives that build on the university's strength in recruiting minority students in the sciences.

DePaul's BRIDGE Program is a comprehensive program of counseling, advising, and instruction for at-risk entering freshmen from economically disadvantaged and minority backgrounds. Through its participation in CAMP, DePaul has added cooperative learning workshops in the sciences specifically for minority students. Entering minority freshmen who have demonstrated scientific aptitude but are underprepared in math and science are matched with DePaul minority science majors for tutoring and remedial help. DePaul is developing a special program based on the BRIDGE model designed specifically for minority students in the sciences. Forty students who demonstrate potential for achievement in the sciences will participate in an intensive summer session featuring instruction, advising, and mentoring. Students who complete the session will be admitted as non-degree students in the fall quarter and receive pro-active tutoring and counseling during the year.

STEP is a 13 year-old college preparation program for minority high school students interested in careers in math science. The program stresses three academic areas: communication skills, mathematics, and science. Two hundred sixty-six students have graduated from the program, and many have gone on to successful college work at DePaul and universities across the country. DePaul receives funding for four minority students in math and science to participate in the Undergraduate Summer Research Program, in which undergraduate students work in close cooperation with faculty on science research projects. DePaul will also award four two-year scholarships, funded by the Luce Foundation, for women majoring in science beginning in 1994. The Biology Department has developed a tutoring program for freshmen enrolled in the introductory biology sequence. Of the 20 students currently participating in the program, 12 are minority students. DePaul is developing a cooperative program with Truman Community College, a 2-year college serving primarily low-income minority students. The program is currently under consideration for a grant from the National Institutes of Health. If approved, DePaul will provide lab space and mentoring for biotechnology research for up to eight minority students who have completed a year of study at Truman.

SPACE FOR RESEARCH WITH AGRICULTURAL APPLICATIONS

The new science building will contain 17 research laboratories, 6 for biology, 6 for chemistry, 2 for environmental science, and 3 for biochemistry. One of the biology labs will be designated the Center for Study of Plant-Herbicide Interaction for teaching and research with agricultural applications. The Center will support tissue research on corn and soybeans to determine how these species react to environmental stress factors, including naturally occurring toxins and secondary plant products.

Expanded laboratory space will enable DePaul to accommodate the growing numbers of minority students in the sciences as a result of its participation in the Chicago Alliance for Minority Participation. In addition, the new facility will strengthen DePaul's ability to recruit minority faculty members in the sciences, which has become increasingly difficult given the shrinking number of minority Ph.D.s in the sciences.

THE NEED FOR A NEW SCIENCE BUILDING

DePaul's ability to attract and train qualified students in the natural sciences is currently limited by its facilities. Existing research and teaching laboratories for biology and chemistry are overcrowded and barely adequate. The building dates from 1938, has had only minor renovation, suffers from poor ventilation, and lacks the equipment needed to conduct many types of research. Long-term maintenance of higher plants is currently out of the question, and the space for maintaining lower plants and microbes is seriously limited in quality and quantity. The absence of elevators makes the laboratories virtually inaccessible to the physically challenged.

The shortage of technically qualified students in the sciences has been well documented. Given the increased centrality of the biological and chemical sciences in emerging technologies such as recombinant DNA, the human genome program, and biomedical applications, it is essential to provide research training for graduates who will be providing tomorrow's scientific expertise.

At the same time, there has been a growing demand for interdisciplinary training in the sciences. DePaul now offers a new interdisciplinary undergraduate degree in Environmental Science that provides students with a broad exposure to the natural and physical sciences in preparation for careers in government, law, industry in the allied health professions, and agriculture. There are currently 33 majors in Environmental Science, and recent graduates have gone to work for the National Park Service, OSHA, and private companies.

Much of the research conducted in the sciences at DePaul has direct agricultural applications, providing significant benefits to the U.S. agricultural industry. For example, DePaul faculty conduct research in the following fields: Plant

Physiology and Metabolism of Herbicides; Soils Science; Ecology and Evolution; and Pesticides.

Dr. John Dean does tissue research on corn and soybeans to determine how these species react to environmental stress factors, including endogenous pesticides (naturally occurring toxins that plants produce themselves) and secondary plant products. Dr. James Montgomery studies the structure and function of wetlands soils, which has a direct bearing on the debate over the role of wetlands in agricultural production. Dr. Montgomery also studies the spatial distribution of soils, a process which may help farmers increase agricultural productivity by spreading fertilizers and pesticides more efficiently and effectively in the future. Dr. Richard McCourt conducts research on the ecology of natural areas, with a specific emphasis on gene sequencing, the evolution of green algae, and plant classification. The department's chair, Dr. Sidney Beck, studies the relationship between pesticides and birth defects, and the degree to which pesticides endanger workers in a variety of settings. Dr. Beck teaches courses on developmental toxicology and genetics.

As Chicagoland's university, DePaul directly contributes to the vitality of the U.S. agricultural industry through the research it generates and the students it educates. Chicago has long played an essential role in agriculture as a transportation hub and commodities trading center, and generations of graduates from DePaul's business and law schools have gone on to positions of prominence in both those fields. DePaul graduates work for many Illinois-based companies that are prominent in agri-business, including Allied Products, Cargill Inc., and DeKalb Genetics Corp. Exposure to the sciences is a critical feature for training in all fields associated with the agriculture industry.

Course work in science laboratories is an essential part of the undergraduate learning experience. As science and technology have come to play an increasingly important role in all professions, practical laboratory experience must be a standard feature of the undergraduate curriculum--even for non-science majors--if all students are to be fully educated and develop a meaningful understanding of the role of science and technology in their personal and professional lives.

Currently, DePaul's limited laboratory facilities prevent many non-science majors, particularly those in the College of Commerce and the School of Education, from gaining hands-on lab experience as part of their undergraduate degree programs. Some of the most innovative curriculum development initiatives underway in the College of Liberal Arts and Sciences (funded in large parts by grants from the federal government) deal with teaching science to non-science majors, but the new curriculum cannot be operationalized without new laboratory facilities. The new science building will give DePaul adequate space to offer laboratory science courses to all interested students in the university, most importantly to future leaders in business, education, government, and law.

GROWTH IN BIOLOGY AND CHEMISTRY AT DEPAUL

The Biological Sciences and Chemistry Departments have grown dramatically in size and quality over the past seven years. As the fields of chemistry and biology have expanded in the wake of recent technological advances, DePaul has taken significant steps to place itself at the forefront of both fields and to prepare students to make their marks in agriculture, environmental analysis, medicine, biotechnology, industry and law.

Biological Sciences has new leadership, a large increase in the number of faculty active in research, and a rapidly modernizing array of instrumentation. The number of undergraduate biology majors rose from 130 in 1987 to 210 in 1993. At the same time, the number of undergraduates majoring in chemistry has risen sharply -- the number of degrees conferred to undergraduate chemistry majors increased by four hundred percent in the last four years. Enrollments in the introductory chemistry and biology courses more than doubled during the same period.

The Biological Sciences department is becoming a major contributor to research, including research with implications for agriculture, in Illinois and at the national and international level. The faculty receive reprint requests for their articles from around the world, and the Science Citation Index shows that the faculty's research is widely used by other scholars. The work of DePaul Chemistry faculty in areas such as polymer chemistry continues to make significant contributions to the field. DePaul science students in both chemistry and biology go on to graduate work in highly respected research programs at Harvard, MIT, the University of Texas and Duke, as well as successful careers outside academia.

Most of the students in the Biological Sciences are undergraduates, so faculty draw heavily on undergraduate students for research assistance. Over the past several years, every member of the faculty has had at least one undergraduate working on research in his or her laboratory, many paid from grants awarded to department members, which gives undergraduate science students an unusually high degree of hands-on experience in the scientific process.

Illinois State University

INTENSIVE COMMERCIAL AQUACULTURE RESEARCH AND DEMONSTRATION PROJECT

SIGNIFICANCE

During the reauthorization process of the 1990 Farm Bill, Congress authorized the expenditure of additional funds for aquaculture programs throughout the United States. Some of these aquaculture initiatives involve the study of warmwater species, such as catfish and marine shrimp, grown in open pond environments like those conducted in Mississippi and Texas. These early initiatives have enabled farmers throughout the warm weather areas of the United States to expand their production alternatives to assist America's agriculture industries in meeting the growing food needs of our populations and for the expanding demand for more fish products in our commercial markets.

As a result of the 1990 Farm Bill, Illinois State University was authorized to receive funding for the further development and expansion of commercial testing of intensive aquaculture systems. In order to make the systems commercially viable and profitable for farmers in cold weather climates technology must be developed for allowing the efficient maintenance of water quality. Illinois State University is very appreciative of the interest and support of the U. S. Department of Agriculture in the initial phases of these intensive aquaculture programs.

The primary objectives of the Illinois State University Intensive Commercial Aquaculture Research and Demonstration Project are to:

1. ascertain the cost of commercial finfish production in prototype intensive indoor aquaculture systems in the Midwest;

2. develop, operate and evaluate prototype intensive aquaculture systems, system components and cultural practices which may lower production costs, improve product quality and reduce potential environmental impact of intensive fin fish production; and

3. disseminate research findings and relevant information to the scientific community and appropriate public groups through reports, publications, demonstrations, and workshops.

In addition, the project will examine the influence of species specific cultural practices; examine techniques for on-farm feed production utilizing corn, soybeans, and grain by-products; quantify the environmental impact of recirculating systems; and examine the potential for the development of commercially-viable ecosystems involving the integration of commercial hydroponics and recirculating aquaculture systems. To date substantial exciting results have been realized. Projects have been initiated or are in partial stages of completion for all objectives listed.

In early February, 1993, the ISU Department of Agriculture broke ground for the construction of a 40' X 80' building at the ISU farm which will house a new state-of-the-art commercial aquaculture facility. This building was built with private sector funding leveraged by USDA appropriated funding. The building is a model commercial aquaculture facility and will be operated as if it were a private for-profit fish farm. Records will be kept on all production inputs and sales so that profit potential can be accurately verified. This facility is unique - no other publicly-held, commercial-style facilities are available in the US at which the general public can learn production technology and have full access to all production cost data. The facility will contain 45,000 gallons of water and produce 80,000 pounds of live fish (tilapia) per year. This facility was put in operation in mid-November, 1993. All research test procedures have been identified according to industry and university standards. University personnel have been trained in specific testing techniques.

To assure the broadest benefit from this research program, formal cooperative arrangements have been developed on various aspects of intensive commercial aquaculture with a variety of other research institutions such as the USDA National Center for Agricultural Utilization Research, Purdue University, Cornell University, University of Maryland at Beltsville, Louisiana State University, Iowa State University, Southern Illinois University, University of Nebraska, Auburn University, and the University of Wisconsin. In addition, very strong linkages have been developed for the dissemination of research results to the private sector. During the initial phase of the work on this program, the investment of federal government funding resulted in several joint projects and private sector funding from associations and industries including the McLean County Farm Bureau, GROWMARK Regional Cooperative, Illinois Corn Growers Association, Illinois Power Company, Archer Daniels Midland, Inc., the American Soy Bean Association and Energenetics, Inc.

Initial investigations into aquaculture indicate it may be a sustainable and ecologically benign agricultural industry which would employ under-utilized resources, generate alternate farm income, create markets for midwestern grains, and result in a healthful, inexpensive and increasingly popular food product. Illinois State University and the industry it assists appreciate the past support with which much progress has been realized in the research and development of the potential for intensive aquaculture in the Midwestern United States. Illinois State University is requesting an additional $200,000 as a base of funding in both FY95 and FY 96, which will be leveraged with other funding sources for completion of the current project objectives for development of intensive aquaculture systems for Midwestern agriculture.

Rationale for Continued USDA Special Appropriations to ISU for Aquaculture

This program is seeking continued USDA special appropriations support for these reasons:

1. ISU does not have regular federal appropriations (such as Hatch Funds) to maintain a base of support in aquaculture. Instead ISU uses these special appropriations to provide a base of support for personnel salaries, project expenses and to leverage additional funding. ISU has been very successful using USDA special appropriation funds to leverage more than $1.0 million to date.

2. Most granting agencies prefer to fund only graduate student stipends and commodities. Most granting agencies, especially federal granting agencies such as USDA regional aquaculture centers, are hesitant to provide funds for fixed equipment or salaries for principal investigators. They prefer to rely on in-place salaried personnel and equipment.

3. In early February, the ISU Department of Agriculture broke ground for the construction of a 40' X 80' building at the ISU farm which houses a new state-of-the-art commercial aquaculture facility. The building was built as a model commercial aquaculture facility and is operated as if it was a private for-profit fish farm. Records are kept on all production inputs and sales so that profit potential can be accurately verified. This facility is unique - no other publicly-held, commercial-style facilities are available in the US at which the general public can gather production technology and have full access to all production cost data. The facility contains 45,000 gallons of water and has the potential to produce 80,000 pounds of live fish (tilapia) per year.

The building was completed during Spring 1993. The hatchery and biofiltration segment of the facility were constructed soon after and fry and fingerling production began within two weeks of hatchery construction. While the fingerlings were growing to stocking size the interior of the culture facility was completed. The system was operational by mid-November, 1993. The system is currently stocked with approximately 20,000 fish and the first harvest is scheduled to occur in late April, 1994. Additional construction is ongoing to install an automatic feeding system and a liquid oxygen injection system. Aquaculture is the fastest growing segment of the agricultural economy and ISU has been a national leader in the development of intensive, indoor production systems. This new facility represents the culmination of years of effort into the development of a technologically efficient, economically viable system and is a very exciting development for the industry.

4. The maturation and growth of the aquaculture industry has resulted in new research problems. ISU is uniquely positioned, due to its expertise, geographical location and existent fish culture systems, to add the following industry-driven research problems/issues to its aquaculture research and demonstration activities:

a. effluents: - The environmental impact of aquaculture activities is becoming increasingly important as the industry grows. ISU is working to develop an industry which is environmentally benign and economically and ecologically sustainable. To this end, ISU will characterize aquaculture effluents and develop management strategies for the appropriate and beneficial use or disposal of aquacultural wastes. To date, an effluent characterization study has been completed on two recirculating systems to gather baseline data on the environmental impact of a recirculating aquaculture industry. An analysis of a larger system is on-going.

b. feeds: - The Midwest holds a competitive advantage in the availability of inexpensive grains yet most fish feeds are produced outside the Midwest and do not typically use vegetable proteins as a major protein source. As a result, fish feeds typically cost more than other feeds such as hog feeds.

ISU is developing, evaluating and disseminating technology for the production of on-farm feeds using midwestern grains. An extruder has been secured for the production of fish feeds at ISU, personnel have been trained in its operation and the production and testing of grain-based rations being conducted.

ISU has established a cooperative relationship with the USDA National Center for Agricultural Utilization Research in Peoria and with fish nutrition researchers at Purdue University to develop inexpensive, nutritionally complete, grain or grain by-product based feeds. ISU and other researchers have identified promising ration formulations, secured all ingredients, made pelleted feeds at ISU using the same style of equipment commonly used on Midwestern livestock operations, and have been feeding these rations in carefully controlled experiments to determine how the use of these rations will impact profits for private-sector farmers. One ration developed by ISU has been adopted for use by a private sector fish farm. In addition, ISU continues to develop more efficient feeds which may result in less fish farm pollution from waste disposal.

c. integrated hydroponics: - Considerable private sector interest has developed concerning integrated hydroponics - the use of fish culture water for vegetable production. ISU developed technologies for integrating hydroponics with aquaculture and has disseminated that technology to the private sector.

A joint project between ISU and a large private sector entity has produced very encouraging results documenting the potential for economically profitable integration of these two forms of agriculture. Waste products from the aquaculture system are being used as fertilizer for the plant production facility and the plant production facility lowers fish production costs by reducing the need for filtration equipment. Preliminary results show fish growth rates and plant growth rates exceeding standard growth rates for these respective products when grown separate in standard culture environments. The source of heat for both culture environments is waste heat from ethanol production. Trials will soon be underway to utilize corn gluten meal, another by-product of ethanol production, as the primary feed ingredient in the fish ration.

As Phase 2 of the project mentioned above, this firm is in the process of constructing a new tilapia production facility in Peoria, Illinois. This new pilot-stage facility will produce 10,000 - 14,000 pounds of tilapia *per week* and is being built utilizing technology developed at Illinois State University.

d. marketing: - Marketing of smaller lots of fish (2000 pounds of less) continues to be a challenge for most producers. The marketing infrastructure commonly used for the products of terrestrial agriculture does not exist for aquaculture products. ISU will conduct studies to determine appropriate marketing strategies for smaller lots of aquaculture products.

e. management strategies: - In this relatively new intensive aquaculture industry best farm management strategies has been largely ignored. ISU will conduct studies to determine the most economically-efficient farm management strategies appropriate for a commercially viable fish farm (ie. # feedings/day, photoperiod adjustment, materials handling techniques, time of day for feeding, etc.).

f. on-farm food fish hatchery techniques: - Additional technologies need to be developed for contiguous on-farm seedstock production. Commercial viability may be enhanced when farmers have more control over production inputs such as fingerlings. Currently, most fingerlings are produced in large hatcheries only in warmer months and shipped to growers. ISU is developing, evaluating and disseminating technology for cost-effective seedstock production on the farm.

APPENDIX A

ISU AQUACULTURE PROGRAM
CURRENT AND PENDING SUPPORT[1]

	AMOUNT	
State and Federal Funding Source		
State of Illinois Dept of Commerce and Community Affairs	$100,000	
ISU Technology Commercialization Center	$40,000	
Illinois-Indiana Sea Grant Program	$90,000[2]	
Illinois State University	$242,800[2]	
USAID / Indonesia Mission	$300,000	
USAID / Auburn University	$90,000	
USAID/AASCU Fellowship Program	$13,000	
USDA Effluent Analysis	$39,000	
NCRAC - USDA (salmonid feeds)	$45,000	
NCRAC - USDA (effluent research)	$18,900	
NCRAC - USDA (cost of production study)	$23,000	
subtotal		1,001,700
Private-Sector Funding Source		
Archer Daniels Midland	$40,000	
Red Ewald, Inc.	$5,000	
Smico, Inc.	$4,000	
NSW Corporation	$1,000	
Spring Grove Fish Farms	$1,200	
Funk Foundation	$8,000	
Energenetics	$5,000	
McLean County Farm Bureau	$7,500	
Illinois Power	$17,000	
Growmark	$5,000	
Spring Groves Fish Farm	$1,320	
Red Ewald, Inc.	$4,000	
subtotal		99,020
TOTAL		**$1,100,720**

[1] Indicates funding and grants-in-kind which have been received on campus, and funding and grants-in-kind which have been awarded but not yet received from fiscal year 1988 through fiscal year 1994. Does not include USDA Special Appropriations.

[2] Estimated

APPENDIX B

ISU AQUACULTURE PROGRAM TECHNOLOGY TRANSFER EFFORTS

Publications and Presentations

David Hinrichs, James Webb, Ronald Rosati, Patrick Foley. *"Effluent Characterization from the Production of Oreochromis niloticus in a modified Red Ewald-style Recirculating System"*. World Aquaculture Society Silver Anniversary Meeting. New Orleans, LA. Jan, 1994

Kerry Tudor, Ronald Rosati, Patrick D. O'Rourke, Y. Victor Wu, David Sessa, Paul Brown, *"Technical and Economical Feasibility of On-farm Fish Feed Production Using Fishmeal Analogs"*. World Aquaculture Society Silver Anniversary Meeting. New Orleans, LA. Jan, 1994

Ronald Rosati, Patrick D. O'Rourke, Kerry Tudor, Patrick Foley, *"Production of Oreochromis niloticus in a modified Red Ewald-style Recirculating System when operated under Commercial Conditions"*. World Aquaculture Society Silver Anniversary Meeting. New Orleans, LA. Jan, 1994

Patrick D. O'Rourke, Kerry Tudor, Ronald Rosati, *"Economic Risk Analysis of Production of Oreochromis niloticus in a modified Red Ewald-style Recirculating System operated under Commercial Conditions"*, World Aquaculture Society Silver Anniversary Meeting. New Orleans, LA. Jan, 1994

Ronald Rosati, Patrick D. O'Rourke, Kerry Tudor, Patrick Foley, *"Technical and Economical Considerations for the Selection of Oxygen Incorporation Devices in a Recirculating Aquaculture System"*, World Aquaculture Society Silver Anniversary Meeting. New Orleans, LA. Jan, 1994

Patrick Foley, R. Rosati, P.D. O'Rourke, K. Tudor, *"Combining Equipment Components into an Efficient, Reliable and Economical Commercial Recirculating Aquaculture System"*,
World Aquaculture Society Silver Anniversary Meeting. New Orleans, LA. Jan, 1994

Patrick D. O'Rourke, Kerry Tudor, Ronald Rosati, *"The Selection and Use of Economic Tools in the Aquacultural Engineering Decision Making Process to Determine the Comparative Costs of Alternate Technical Solutions "*, World Aquaculture Society Silver Anniversary Meeting. New Orleans, LA. Jan, 1994

Rosati, Ronald, Jessica Villar, Kerry Tudor and Kenneth Smicklas. *"Integrated Aquaculture and Vegetable Hydroponics: A Model for Teaching Critical Thinking"*. abstract. September 1993 NACTA Journal.

Kneller, P.B., W.N. Lockwood, Jr., P.D. O'Rourke and S.W. Waite. 1993. *"Aquaculture and Mobile Fish Processing"* Journal of Environmental Health (Volume 56, No. 1, July/August 1993)

Rosati, Ronald, P. D. O'Rourke, K. T. Tudor, and R.D. Henry. *"Performance of a Raceway and Vertical Screen Filter While Growing Tilapia nilotica Under Commercial Conditions"* "Aquacultural Engineering: An International Conference of Engineering Techniques for Modern Aquaculture" June 20-23, 1993, Spokane, Washington.

Rosati, Ronald, James Webb, David Hindrich and Patrick Foley. *"Characteristics of the effluent from a recirculating aquaculture system"*. 1993 annual meeting of the US Chapter of the World Aquaculture Society, January 29, 1993, Raleigh, S.C.

O'Rourke, P.D. 1992. "*Capital Budgeting and Practical Investment Analysis for Recirculating Aquaculture Systems*". presented at AQUA '92: The Sixth Annual Minnesota Aquaculture conference and Trade Show. Duluth, MN.

O'Rourke, P.D. 1992. "*Data Limited on Recirculating Aquaculture Tanks*". *FEEDSTUFFS*, June 29: pg.12.

Rosati, Ronald and Jeffrey Wood. 1992. "*Using Aquaculture to Teach Math and Science Concepts in Secondary School Agriculture Programs*". proceedings of the Central States Regional Agricultural Education Conference. Austin, Minn., June, 1992.

Rosati, Ronald and Jeffrey Wood. 1992. "*Using Aquaculture to Teach Math and Science Concepts in Secondary School Agriculture Programs*". proceedings of the 1992 National Refereed Poster Session for the American Association for Agricultural Education. St. Louis, MO., Dec. 5, 1992.

Rosati, Ronald and Jeffrey Wood. 1992. "*Competencies Required by Beginning Aquaculture Workers in Illinois*". proceedings of the American Fisheries Society 122nd Annual Meeting. Rapid City, South Dakota, Sept. 1992.

O'Rourke, Patrick, Kerry Tudor and Ronald Rosati. 1992. "*Commercial Potential for a Mobile Fish Processing Plant*". American Fisheries Society 122nd Annual Meet. Rapid City, South Dakota, Sept. 1992.

Rosati, Ronald and R.D. Henry. 1991. "*Aquaculture: a New Component of the Agriculture Curriculum*". The Journal of The National Association of College Teachers of Agriculture. vol. XXXV, no. 4. Dec 1991.

Rosati, Ronald, Patrick O'Rourke, and R.D. Henry. 1990. "Preliminary Results of High Density Fish Culture in a Water Recirculating System". proceedings of the National Symposium on Freshwater Crayfish Aquaculture. Freemantle College of TAFE. Freemantle, West Australia.

Rosati, Ronald. 1990. "Water Re-Use Systems". Illinois Aquaculture Industry Association Annual Convention. Decatur, IL.

Rosati, Ronald and R.D. Henry. 1989. "Developing an Aquacultural Education Program - A Case Study". National Agricultural Mechanics Professional Development Seminar Blue Ribbon Presentation. Kansas City, MO.

Rosati, Ronald, Patrick O'Rourke and R.D. Henry. 1989. "Tilapia Production in an Indoor Water Re-use System in Illinois". American Society of Agricultural Engineers Winter Meeting. New Orleans, LA.

Workshops

1. *Aquaculture Inservice: A workshop to provide aquacultural training to Illinois secondary-school agriculture teachers*. Illinois State University. January, 1993. (50 participants)

2. *Aquaculture: Regional Workshop for Beginning Farmers*. Illinois State University. November, 1992. (120 participants)

3. *Regional Workshop on Fish Culture Using Water Reuse Systems*. Illinois State University. November, 1991. (140 participants)

4. *Regional Workshop on Fish Culture Using Water Reuse Systems*. Illinois State University. November, 1990. (135 participants)

5. *Opportunities in Aquaculture*. Illinois State University. September, 1989. (45 participants)

Individual Contacts

1. Seven minute videotape segment of the national satellite teleconference *Investing in Freshwater Aquaculture*. April 10, 1993.

2. Project personnel have approximately 15 private-sector contacts per week to disseminate information on aquaculture technology on a one-to-one basis.

3. Approximately 400 people per month tour the aquaculture facility to gain additional information on production techniques.

4. Developed and disseminated the videotape *"Aquaculture in Illinois"*. 1991.

ILLINOIS
CORN
GROWERS
ASSOCIATION
P.O. Box 1623 Bloomington, IL 61702-1623 Ph. (309) 557-3257 FAX (309) 663-0570

WRITTEN TESTIMONY
BY
ILLINOIS CORN GROWERS ASSOCIATION
BEFORE THE
APPROPRIATIONS COMMITTEE
OF THE
U.S. HOUSE OF REPRESENTATIVES
ON
April 19, **1994**

The Illinois Corn Growers Association believes that the USDA should develop a stronger research program to identify and commercialize technologies that would lower the cost of corn-based ethanol to the consumer. The 1990 Food Security Act authorized $100 million over a five-year period for funding Biofuels research which includes corn-based ethanol. The Biofuels program was inadequately funded the past three years; thus progress in lowering the production costs of fuels, such as ethanol benefiting the consumer have been painstakingly slow. The Illinois Corn Growers Association would like to encourage the appropriation of $20 million in FY95 to put this research program back on track. Part of this innovative and comprehensive research effort should include the assistance to the development of a National Ethanol Technology Evaluation Center and Program to speed the commercialization of the promising technologies developed.

Printed with corn-soy ink on re-cycled paper

The demand for ethanol has and will continue to increase dramatically with the passage by Congress of the Clean Air Act Amendments, the National Energy Security Act, and EPA's Renewable Oxygenate Regulation. For production of ethanol to meet this increase in demand, new plants will need to be constructed. This creates an opportunity for industry to adopt new, more efficient technologies. New plants can more easily adapt than older plants, which are limited to "plug-in" or modular technologies which do not require redesigning the entire plant. The Illinois Corn Marketing Board has worked with a number of technologies that potentially could reduce the production costs of ethanol from corn. Their experience has found "plug-in" technologies, such as a more efficient yeast, are readily adopted by current industry. However, other technologies which may cause large capital expenditures in existing ethanol plants have been found to be extremely difficult to scale-up due to lack of incentives on the part of current industry. A National Ethanol Technology Evaluation Center will enable all of these technologies to be further developed, enabling commercialization at a more rapid pace. In the end the entire industry moves towards a more competitive position benefiting the consumer.

For ethanol to achieve its full potential as a clean alternative transportation fuel, the cost of producing ethanol must be reduced. There are many new technologies and processes being developed at public universities, state laboratories, and by private interest groups which hold the promise of reducing the cost of producing ethanol. Before these technologies can be assimilated into new or existing plants, they need to be evaluated and strenuously tested in near commercial scale applications.

To accelerate the commercialization of the new technologies, a pilot scale ethanol production facility designed as a research and evaluation center should be established. This facility would have the capacity of producing 50,000 gallons of ethanol per year. It could be designed in a modular fashion so new experimental technologies are easily integrated into the system for testing and evaluation. The size of the pilot plant was determined by surveying current laboratory facilities (located at universities, USDA labs and USDOE labs around the country) and increasing the size 10 to 15-fold. This increase is the next logical size for commercializing new technologies, and currently does not exist in the U.S.

All phases of the production process including milling, cooking, fermentation, saccharification, and distillation would be included in the development work. Work on new yeast strains, enzymes, membrane systems, new co-products and energy efficiency technologies would be incorporated in the overall evaluation and development agenda. Researchers from laboratories, universities and industry throughout the country could work at the lab on their specific technology improvements, designs and innovations. A user fee could be established that varied for public testing to a higher scale for patented/protected private testing. The operations and developed work will be organized and prioritized by an Ethanol Production Research Center Board.

We suggest the National Ethanol Technology Evaluation Center be located close to an existing Illinois Ethanol production facility. This would allow the pilot plant access to the raw feedstocks, an adequate waste water disposal system and a market for the co-products and ethanol.

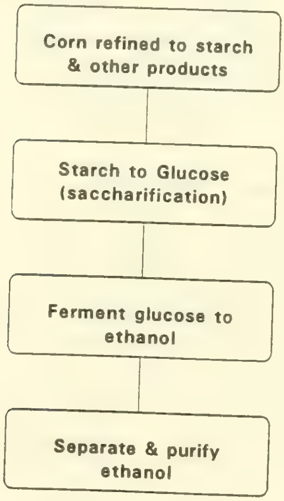
The management of the plant and program could be under a Board of Directors or under the State of Illinois' Department of Energy and Natural Resources.

The National Ethanol Technology Evaluation Center and Program would allow an efficient method and process for accelerating the commercialization of new ethanol production technologies which are being conceived and developed in laboratories in Indiana, Illinois, Iowa, Nebraska, and other research institutions.

The pilot plant and laboratory will cost approximately $7 million due to special design features. The pilot plant should be built by a consortium of private industry, state and federal agencies. A proposed funding scheme would be USDA funding at $3,000,000; USDOE at $1,500,000; State of Illinois at $2,250,000; and industry at $250,000. A detailed engineering/feasibility study is needed to identify the features necessary which will enable the pilot plant to be modular, thus capable of incorporating new technologies for testing. The cost of the feasibility study will be approximately $500,000 and should be funded by USDA. Operating costs would be approximately $1 million per year with income from the user fees, ethanol and co-products partially offsetting these costs. The additional operating costs could be borne by the State of Illinois, USDA and industry.

The costs of producing ethanol from corn are divided nearly equally in 3 areas: operating costs, capital costs and feedstock costs. The following diagram depicts in a simplistic form the production process of ethanol from corn. To the right of each step is just one example of technology that would improve the efficiency, and lower the overall production costs of producing ethanol.

Ethanol Production from Corn


Corn refined to starch & other products
Starch to Glucose (saccharification)
Ferment glucose to ethanol
Separate & purify ethanol

Alkali wet milling requires major changes in wet milling equipment but could reduce the separation time of the corn germ, corn starch and corn gluten meal from 40 hours to 5 hours requiring substantially less capital costs.

Membranes in conjunction with a bio-reactor separate the glucose for the starch as it is produced, enzymes are recycled (reducing the second largest ingredient cost), and the processing time can be reduced from 24-72 hours to under 10. This technology would reduce capital and operating costs.

Membranes, again in conjunction with a bio-reactor, separate the ethanol from the glucose/yeast broth reducing the time from 40-50 hours to as little as 5 hours. Also a more heat-tolerant yeast (thermophilic) strain would reduce energy for cooling requirements. These two technologies together reduce capital and operating costs.

In the future, lower membrane costs and improved technology may make pervaporation an economical option. Currently, the most efficient methods of removing water form ethanol for large plants are azeotropic distillation, and corn grits absorption, which efficiencies are close to optimal.

Using the co-products of ethanol production (corn oil, corn gluten meal, corn gluten feed, and carbon dioxide) as feedstocks for more value-added products reduces the overall cost of the feedstock (corn). Examples include: plastics produced from the protein zein found in corn gluten meal; corn fiber, found in corn gluten feed can be processed for more ethanol. These higher value co-products potentially offer new revenue sources that could reduce the cost of ethanol by as much as new plant innovations. The pilot plant facility could provide quantities of these new value-added co-products to determine production feasibility and cost analysis of these new products. After pilot plant analysis, the risk level may become low enough for industry to ultimately commercialize these new products.

In conclusion, the research scientists in our country have developed many new cost saving ideas that we believe will lower the cost of corn-based ethanol. Without the development of a commercialization tool such as a National Ethanol Technology Evaluation Center, these technologies could be shelved to gather dust, further developed in foreign countries, or at best take longer to commercialize, costing consumers needlessly.

Thank you for your consideration.

TESTIMONY SUBMITTED TO
THE U. S. HOUSE OF REPRESENTATIVES
APPROPRIATIONS SUBCOMMITTEE ON
AGRICULTURE, RURAL DEVELOPMENT, FDA, AND RELATED AGENCIES

The Honorable Richard J. Durbin, Chairman

Washington, D.C.

April 12, 1994

by

THE FOOD ANIMAL PRODUCTION MEDICINE CONSORTIUM

Bennie I. Osburn
University of California-Davis

R. Kenneth Braun
University of Florida

H. Fred Troutt
Chairman
University of Illinois

Jerry Gillespie
Kansas State University

Edward Mather
Michigan State University

John Schmitz
University of Nebraska

MR. CHAIRMAN AND DISTINGUISHED MEMBERS OF THE AGRICULTURE, RURAL DEVELOPMENT, FDA, AND RELATED AGENCIES SUBCOMMITTEE:

Mr. Chairman and members of the Subcommittee, we are pleased to have this opportunity to present a statement on behalf of the Food Animal Production Medicine Consortium (FAPMC). We acknowledge and appreciate the Committee members' interest in protecting public health and improving agriculture's long-term competitiveness and profitability by exploring new ways to improve our current food safety programs.

We are also extremely grateful for the Committee's efforts last year in working to include language in the FY 1994 Appropriations Bill which recognized the work being done by the FAPMC and requested FSIS to coordinate its pre-harvest food safety efforts with the work being done by the FAPMC.

The FAPMC represents faculty and staff from the veterinary institutions at six land-grant universities[1] who joined together in 1988 to improve the quality and efficiency with which we address our universities' missions associated with: 1) veterinary education in the area of food animal medicine, food safety and public health, 2) on-farm food safety research, 3) animal health and natural resource management research, and 4) delivery of clinical service to animal agriculture. We believe these missions are interdependent. Our overall tasks are to improve food safety and help protect the public health, reduce the incidence and costs of animal diseases and production inefficiencies, and help build a sound economic base for animal agriculture. The FAPMC's teaching programs and joint research programs have been very successful because of the diverse animal agriculture served by these universities as well as the combined strengths of their faculties.

Members of FAPMC have been developing the concept of pre-harvest food safety since 1985.

We wish to say at the onset that the proposals for research, education and implementation of improved on-farm practices encompassed in our pre-harvest food safety principles are consistent with Track II proposed in 1993 by FSIS and in the National Food Safety Agenda: An APHIS Perspective drafted in 1993/94. These principles are presented in depth in the FAPMC's publication, Providing Safe Food for the Consumer: A Blueprint for Implementing Preharvest Food Safety Internationally, which is attached.

Recognizing that most contamination of food animals by potentially harmful chemicals or microbiological agents originates on farms, we have designed model management programs to limit contamination of animals or food products prior to their leaving the farm gate of privately owned "core farms" in each of the six states. Working with practicing veterinarians and producers, specialists from our faculties use computer-based, comprehensive management programs that help us determine control strategies for contaminants at Critical Control Points (CCP) on the farm. Our initial on-farm processes have included a variety of production units in the six states, and each has achieved improvement in production practices leading to better quality assurance for products leaving these "core" test farms.

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[1] The Food Animal Production Medicine Consortium (FAPMC)
University of California-Davis, University of Florida, University of Illinois-Urbana-Champaign, Kansas State University, Michigan State University, and University of Nebraska-Lincoln

To expand the use of this management technology will require a substantial effort to educate veterinary specialists at other institutions, practicing veterinarians, producers and others involved in food production during the pre-harvest phase. While our innovations have focused on food animal production units, we believe similar strategies can be used for other food production units.

There is a need for much more pre-harvest food safety research, education and technology transfer. This is an area that has not been adequately funded considering its potential payoff for public health (consumer) and for the food industry. We'll mention only a few examples of projects that in our view should have high priority for funding:

- **Ecology of Human Pathogens on Food-Producing Farms**: A comprehensive study of the ecology and control of Escherichia coli 0157:7H in food animals on the farms. This study of E. coli can serve as a template for insights into the control of other human pathogens infecting food animals such as Salmonella, Campylobacter, Cryptosporidium sp and Yersinia to name a few. Well designed epidemiologic studies which have the capacity to simultaneously evaluate impact of multiple variables will be required to fully understand the ecology of these organisms on farms and to institute contemporary preventive programs.

- **Rapid On-Farm Detection Technologies**: Development and investigation of rapid testing techniques for on-farm detection of E. coli 0157:H7 and other organisms. For example, there are DNA-probes that will detect specific strains of E. coli and probes exist for other pathogenic microorganisms which may be of use to screen for these organisms in the proposed on-farm epidemiology studies. The development of these testing methodologies can provide the basis for practical on-farm testing procedures for the detection of potential contaminants.

- **Hazard Analysis Critical Control Points on Farms**. Studies to identify those environmental and/or management factors that favor or lead to the occurrence and persistence of E. coli 0157:H7 (or other pathogenic organisms or chemical contaminants) in food animals are urgently needed. These studies can use the Hazard Analysis Critical Control Point (HACCP) approach on model farms such as the FAPMC's "core" herds. We envision this study will involve the professional staff of several agencies within USDA (FSIS, APHIS {NAHMS}, CSRS, and ARS), EPA and FDA, as well as representatives from the private sectors of agriculture. Associated with these studies should be comprehensive instructional programs directed to a variety of audiences dealing with HACCP, risk assessment and risk management.

- **Nation-wide Shared Data**. The development of a nation-wide shared computer-based, data-management system for collection and analysis of on-farm information that impacts on food safety and environmental practices. This data-base will provide investigators and others access to advanced technology and information more rapidly, and reduce unneeded redundancy in pre-harvest food safety investigations.

- **Outcome Assessment**. We believe these studies (and others) should include evaluation of their impact on improving food safety and public health and on sustaining and improving long term profitability in the agriculture sector. We are most aware that currently we do not have sufficient data to establish meaningful assessments of risk of food borne disease, and we need to work in that direction. We must work to establish preventive models.

These research efforts should be coordinated with efforts to introduce and implement on-farm, management practices that will reduce or eliminate E. coli 0157:H7 and other pathogenic organisms from food animals prior to them leaving the farm gate. This can be done with a coordinated program operated by land-grant universities in cooperation with USDA agencies, producers, commodity groups, veterinary college faculties, practicing veterinarians, Cooperative Extension Service and others. The goal should be to form an information network to provide new information on food safety issues which will lead to improved practices of producers, public health officers, consumers and others involved in the production and preparation of food. We envision the use of "core-farms" as demonstration units for this education and implementation effort.

Mr. Chairman, the National Research Council (1985) concluded "that the cost effective way to prevent or minimize hazards presented by certain infectious agents and chemical residues in meat and poultry is to control these agents at their point of entry into the food chain, i.e., during the production phase on the farm and in feedlots.

Historically, public health officers have repeatedly demonstrated that preventive medicine is the most effective and economical approach to managing or eliminating diseases. We believe these principles apply to addressing the problem of food-borne illnesses. We urge there be $6 million appropriated in the FY 1995 budget to address the research and education initiatives in the area of pre-harvest food safety. This approach will provide benefits for the consumer, the processor and the producer--it is proactively public health oriented.

The FAPMC, because of the scientific talents of its combined faculties, because of its access to population of food animals raised under varying production conditions and because of its organizational framework, can significantly help with the strategies needed to revise our national food safety initiatives.

Thank you, Mr. Chairman.

Mr. DURBIN. We also have a number of other statements that have been sent to the committee by various individuals and organizations. We will include those statements at this point in the record.

[The statements follow:]

NCA
NATIONAL CATTLEMEN'S ASSOCIATION
Idaho Cattle Association
ICA

March 23, 1994

The Honorable Richard J. Durbin, Chairman
Agriculture Agency Sub-Committee
129 Cannon Building
Washington, D.C. 20515

Dear Congressman Durbin:

We have met with Dr. Lynn F. James, Research Leader, of the USDA-ARS Poisonous Plant Research Laboratory and discussed their research program on poisonous plants. We requested him to prepare a statement or letter that would embody our discussion as well as an update on research programs and progress. The following is that statement with our endorsement and approval.

The last several years resolutions have been passed asking the Congress of the United States for increased funding for the U.S. Department of Agriculture, Agricultural Research Service, Poisonous Plant Research Laboratory (PPRL), located at Logan, Utah. Thus far, our efforts have been unsuccessful.

Poisonous plants are a serious economic problem for livestock producers of the State of Idaho as well as other states of the West. The National Cattlemen's Association has passed a similar resolution which indicates the national scope of this problem. Our organizations, both state and national, are working hard to improve the quality and availability of our products (red meat, leather, pharmaceuticals, etc.) to our customers at a reasonable price. At the same time, if we are to survive in our business, we must do all we can to improve the efficiency of our operations and cut our losses. It is estimated that the livestock industry of the 17 western states sustains a $340,000,000 annual economic loss due to deaths and abortions resulting from consumption of poisonous plants. This figure does not include all losses. The Poisonous Plant Research Laboratory is providing information which will help to assure quality of product as well as improving the efficiency of our livestock programs.

2120 AIRPORT WAY • P.O. BOX 15397 • BOISE, IDAHO 83715 • 208/343-1615

We have asked the director of the PPRL to prepare a budget of their financial needs., and have reviewed that budget. We feel that the request is justified, when looking at the future research programs of the laboratory, and are asking your support in obtaining the requested increase in budget for PPRL. If, however, this is not attainable, given our present national effort to reduce federal budgets, we would hope for at least a modest increase of $200,000 over last years budget to make it possible to maintain a strong progressive research program. We are confident that they will make very judicious and careful use of funds provided.

The research work done is among those plants that have the greatest economic impact and those affecting the greatest number of livestock producers. The funds requested will be used to strengthen research on larkspur poisoning, ponderosa pine needle and broom snakeweed induced abortions, locoweed poisoning and plants that adversely affect the liver.

Larkspur poisoning is a problem in Utah, Idaho, Montana, Nevada, Wyoming, California, Oregon, New Mexico, Arizona, Colorado and other states. Research at the laboratory has done much to define the toxicity of larkspur, determine when it is safe or unsafe to graze and possible treatment for poisoned animals. Field research has been conducted in Idaho, Utah and Colorado. Progress is excellent on the problem.

Ponderosa pine needle abortion is a serious problem in Idaho, Montana, Oregon, California, Wyoming, Colorado, New Mexico, South Dakota, Nebraska, Arizona and western Canada. Most of the 17 western states have ponderosa pine and report losses from it. Field observations suggest that there are other Pinus species that can cause abortion in cattle, such as lob lolly pine of the south. Researchers at the laboratory have recently identified the toxin in the ponderosa pine responsible for the abortion. This has been a major break through in pine needle-induced abortion. This will provide tools and methods to better define the time and condition under which cattle will graze pine needles and cause abortion, to better define the toxicity and determine if there are ways to prevent losses by this plant. This finding also provides a tool to study problems, such as parturition in cows, neonatal calf survival and other important aspect of livestock reproduction aside from the pine needle abortion problem. Field grazing studies have been conducted in Montana and South Dakota and planned in other areas.

Broom snakeweed induced abortion is a serious problem in Texas, New Mexico, Arizona and southern Utah and into Idaho. We believe the recent progress on pine needles and the toxins therein will open the way to progress on the problem. Research on this problem is being intensified and well should be.

Locoweed poisoning is one of the most wide spread, and serious of our poisonous plant problems. The locoweeds are a problem in nearly all western states. This plant has been difficult to study. However, many of the conditions of poisoning have been identified, toxicity described and management strategies to prevent toxicity studied. Although this has been a hard problem, we are satisfied that good progress has been made and more relief to this problem is forth coming.

There is reason to believe that pine needles, broom snakeweed and locoweed all adversely affect the immune system. They are trying to extend rresearch into this very important area. They have also instituted research to look at the metabolism of these toxin by the body.

The Senecio spp., Crotalaria spp. and many other such plants contain a toxin called pyrrolizidine alkaloids. These plants are world wide in distribution. Their impact is serious in many ways. The toxin damages the liver in such a way that it ultimately leads to death of the animal. This problem was studied at the laboratory a number of years ago. Research on these plants has recently been increased again. There is concern with these plants in that they are used to make beverages, etc, consumed by people which has led to serious health problems.

Research work on the plants mentioned plus a few others is designed to bring economic relief to the livestock industry, and to support the national effort of those producing red meat to bring to the consumer a safe, nutritious and desirable product.

In addition, it should be noted that the laboratories', past and present research work on the Veratrum californicum induced malformed lamb condition, the lupine induced crooked calf condition, the tobacco induced skeletal defects in baby pigs. The poison hemlock induced crooked calf condition and others have application in human medicine, especially that of teratology. The Poisonous Plant Research Laboratory was one of the first to call attention to the potential impact of diet in the production of birth defects in animals and humans.

Their work on abortion produced by pine needles, broom snakeweed, etc., may well find a place in animal as well as human medicine.

Plants, such as the Senecio, bracken fern are carcinogenic and are presently of concern in human health.

In addition, we also call to your attention the services rendered to the veterinary profession, Extension Service, land managers, ranchers, horse fanciers, exotic animal enthusiasts and others in regard to the problem of livestock poisoning by plants, via telephone, letters and personal visits. They have solved many problems and rendered many services via these methods. They render where possible help on workshops, talks at meetings, etc. They are not afraid to submit the results of their research to public scrutiny at the same time they are able to listen to public comments and questions.

In addition, we call to your attention their community service projects in which thousands of young people have come to the laboratory where they received vocational counseling, and instructions on the dangers of the use of drugs. This project has been going on for years and is still very popular among the high schools, 4-H clubs, FFA, science classes, etc. Much of this is done on their own time.

This laboratory is uniquely organized and equipped to do their job, both at the laboratory and in the field.

The PPRL is the only laboratory in the world devoted to studying the effects of poisonous plants on livestock. It is our understanding that at this time there is very little research being conducted on these problems anywhere else in the world. Therefore, we are depending on the PPRL for solutions to our problems of livestock poisoning by plants. The have been successful in providing us with useful information, and their current research program is addressing some of our most pressing needs in relation to livestock poisoning by plants.

We have asked the PPRL to prepare brief progress reports on research being conducted at the laboratory. We are attaching copies for your use.

We would appreciate your support.

Sincerely,

George Swan *President*	*R.C. "Bob" Sears, CAE* *Executive Vice President*

Enclosures

Attachments

The following is the budget requested:

Full time research scientist to replace one whose position was abolished because of increased labor, equipment, and other costs (includes support help, supplies, lab overhead)	$250,000
Technicians and animal caretakers for existing programs and part-time help on summer programs	175,000
Program support for larkspur, pine needle abortion, broom snakeweed, selenium poisoning, etc.	265,000
Laboratory equipment (purchase and repair)	65,000
Repair and maintenance	50,000
10% Overhead to Headquarters ARS	88,550
Total	893,550

UTAH CATTLEMENS ASSN
150 So. 6th East, Suite 10B
Salt Lake City, UT
84102

UTAH FARM BUREAU
5300 So. 360 West
Salt Lake City, UT
84123

UTAH WOOL GROWERS
150 So. 6th East, Suite 10B
Salt Lake City, UT
84102

March 25, 1994

Representative Richard J. Durbin
House Subcommittee on Agriculture
129 Cannon Building
Washington, D.C. 20515

Dear Representative Durbin:

The last several years, resolutions have been passed asking the Congress for increased funding for the U.S. Dept. of Agriculture, Agricultural Research Service, PPRL, located at Logan, Utah. The National Cattlemen's Association passed a similar resolution indicating the national scope of this problem. Thus far, our efforts have been unsuccessful. We have met with the Research Leader of the USDA-ARS Poisonous Plant Research Laboratory (PPRL) and discussed their research program on poisonous plants. We requested that he prepare a statement that would embody our discussion as well as an update on research programs and progress. The following is that statement with our endorsement and approval.

> Poisonous plants are a serious economic problem for producers of livestock. Producer organizations are working to improve the quality and availability of livestock products (meat, leather, pharmaceuticals, etc.) to their customers at a reasonable price. At the same time, if they are to survive, they must improve the efficiency of their operations and cut their losses. It is estimated that the livestock industry of the western states sustains a $340,000,000 annual economic loss due to deaths and abortions resulting from consumption of poisonous plants. This figure does not include all losses. The PPRL is providing information which is helping to ensure quality products as well as improve the efficiency of our livestock programs.
>
> The research work being done includes those plants that have the greatest economic impact and affect the greatest number of producers. The funds requested will be used to strengthen research on larkspur poisoning, ponderosa pine needle and broom snakeweed-induced abortions, locoweed poisoning, and plants that adversely affect the liver.
>
> Larkspur poisoning is a problem in Utah, Idaho, Montana, Nevada, Wyoming, California, Oregon, New Mexico, Arizona, Colorado, other states, and Canada. Research at the laboratory has defined the toxicity of larkspur, determined when it is safe or unsafe to graze, identified the conditions of poisoning, and described possible treatment for poisoned animals. Field research has been conducted in Idaho, Utah, and Colorado.
>
> Ponderosa pine needle abortion in cattle is a problem in Idaho, Montana, Oregon, California, Wyoming, Colorado, New Mexico, South Dakota, Nebraska, Arizóna, and western Canada. Most western states have ponderosa pine and report losses. Field observations suggest that other *Pinus* species, such as lob lolly pine of the South, can cause abortion in cattle. Researchers at PPRL have recently identified the toxin in the ponderosa pine responsible for the abortion. This is a major breakthrough in pine needle-induced abortion research. This provides means to better define the time and conditions under which cattle will graze pine needles, elucidate toxicity, and develop ways to prevent losses. This finding provides means to study problems such as reproduction in livestock. Field grazing studies have been conducted in Montana and South Dakota and are planned in other areas.
>
> Broom snakeweed abortion is a problem in Texas, New Mexico, Arizona, southern Utah, and into Idaho. We believe the recent progress on pine needles will open the way to progress on this problem. Research on this problem is being intensified and well should be.
>
> Locoweed poisoning is the most widespread and serious of poisonous plants problems. Locoweeds grow on ranges in nearly all western states. Many of the conditions of poisoning have been identified, toxicity described, and management strategies to prevent toxicity studied. Although this has been a hard problem, we are satisfied that good progress has been made and more relief to this problem is forthcoming.
>
> Field observations have indicated that elk, antelope, wild horses, and probably deer have been poisoned on locoweed. The conditions of poisoning are similar to those in locoweed poisoning of cattle and sheep. Elk, wild

> geese, and turkeys have been poisoned on poison hemlock. If the trend continues for elk, deer, wild horses, and antelope to increase, it is possible that plant poisoning among wild animals will increase. Most of the research being done on livestock would apply to this kind of problem. The PPRL is aware of these potentials.
>
> There is reason to believe that poisonous plants may adversely affect the immune system. PPRL is extending research into this important area. They have also instituted research to look at the metabolism of these toxins by the body. PPRL will study things such as clearance time of these toxins from the animal's body.
>
> The *Senecio* spp. and many other such plants contain toxins called pyrrolizidine alkaloids and are worldwide in distribution. Their impact is serious as their toxin damages the liver—often leading to death of animals and humans. This problem was studied at the laboratory a number of years ago, and because of its importance, research has again been initiated. There is concern with these plants because they are used to make health foods, beverages, etc., consumed by people which resulted in serious health problems and death.
>
> Research work on these plants is designed to bring economic relief to the livestock industry and to support the national effort of those producing red meat to bring to the consumer a safe, nutritious, and desirable product.

We call your attention to the PPRL's past research work on the *Veratrum californicum*-induced malformed lamb condition, the lupine and poison-hemlock-induced crooked calf condition, the tobacco-induced skeletal defects in baby pigs and others have application in human medicine, especially that of teratology. The Poisonous Plant Research Laboratory was a leader in calling attention to the potential impact of diet in the production of birth defects in animals and humans. Their work on abortion produced by pine needles, broom snakeweed, etc., may well find a place in animal as well as human medicine. Plants, such as the *Senecios* and bracken fern, are carcinogenic and are presently of concern in human health.

We call your attention to the valuable services rendered to the veterinary profession, Extension Service, land managers, ranchers, horse fanciers, exotic animal enthusiasts, and others in regard to the problems of livestock poisoning by plants.

We call your attention to their popular community service project in which thousands of young people have come to the laboratory where they receive vocational counseling and instructions on the potential dangers of the use of drugs.

We call your attention to the fact that the PPRL is the only laboratory in the world devoted to studying the effects of poisonous plants on livestock. It is our understanding that there is little research being conducted on these problems outside of this laboratory. We are depending on the PPRL for solutions to our problems of livestock poisoning by plants.

Last year we asked the director of the PPRL to prepare a budget showing their financial needs. We are attaching that budget. We also have asked the PPRL to prepare brief progress reports on research being conducted at the laboratory. We are attaching copies for your use.

We would appreciate your support.

Sincerely,

Brent Tanner
Brent Tanner, Exec. VP
Utah Cattlemens Assn

C. Booth Wallentine
C. Booth Wallentine, Exec. VP
Utah Farm Bureau Federation

Ted Lee
Ted Lee, Exec. Sec.
Utah Wool Growers Assn.

Chocolate Manufacturers Association • National Confectioners Association
7900 Westpark Drive • Suite A-320 • McLean, Virginia 22102-4203
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TESTIMONY OF THE CHOCOLATE MANUFACTURERS ASSOCIATION AND THE NATIONAL CONFECTIONERS ASSOCIATION FOR THE HEARING OF THE HOUSE APPROPRIATIONS SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FDA AND RELATED AGENCIES ON THE FISCAL YEAR 1995 FDA BUDGET

MARCH 16, 1994

Mr. Chairman and members of the subcommittee, my name is Lawrence T. Graham, and I serve as president of the Chocolate Manufacturers Association (CMA) and the National Confectioners Association (NCA). Together, the associations represent 97 companies that manufacture the vast majority of chocolate and non-chocolate confectionery in the United States.

The members of NCA and CMA come into contact frequently with the Food and Drug Administration, which has responsibility for regulating many of their activities. We are very aware of the important role the FDA has in protecting the welfare of the American public, and feel the agency has been inadequately funded in recent years to perform this valuable task.

However, we strongly disagree with the proposal of the Clinton Administration in the Fiscal Year 1995 budget to fund $252 million of the FDA's budget through the imposition of new user fees on various industries regulated by the agency, including the food industry.

In 1992, Congress approved the enactment of user fees for pharmaceutical companies in the Prescription Drug User Fee Act. However, those fees were specifically targeted to pay for speeding up the drug approval process. These new user fees to be imposed on the food industry would pay for FDA services that benefit the general public. Therefore, funds for carrying out those services should come from general appropriations. In 1974, the Supreme Court held in *National Cable Television Association v. United States* that user fees imposed under similar circumstances should instead be considered a *tax* on industry.

Because lower-income persons spend a much larger percentage of their disposable income on food products than do higher wage earners, these proposed fees should even more specifically be considered a highly regressive tax on the general public, as these additional costs are incorporated into the price to consumers. That aspect should especially be taken into account when these taxes on the food industry are being discussed by your subcommittee.

It is also important to keep in mind that having the FDA funded by the industries it regulates could do some harm to the public's confidence in the agency. That would be particularly damaging at a time when FDA will be involved with food safety matters, the implementation of the Nutrition Labeling and Education Act of 1990, and other pivotal food-related issues.

Allow me to reiterate: the members of the Chocolate Manufacturers Association and the National Confectioners Association consider the role of the Food and Drug Administration to be vital for the public at large, including the confectionery industry. We also feel the FDA has been inadequately funded over the years. However, the fact that the agency has been underfunded does not justify the imposition of an unfair user fee to solve that budget problem.

Please take each of these matters into consideration as you vote on the Fiscal Year 1995 budget for the Food and Drug Administration. Our associations firmly believe the imposition of the $252 million in new user fees is bad public policy, and ask once again that you oppose their implementation.

Do not hesitate to let me know if there are any questions I can answer for you on behalf of the National Confectioners Association and the Chocolate Manufacturers Association.

Coalition for FDA Resources
1301 Connecticut Avenue, N.W. Washington, D.C. 20036

TESTIMONY OF

THE COALITION FOR F.D.A. RESOURCES,

W. DOUGLAS CAMPBELL,
EXECUTIVE DIRECTOR

BEFORE THE

SUBCOMMITTEE ON AGRICULTURE

COMMITTEE ON APPROPRIATIONS

U.S. HOUSE OF REPRESENTATIVES

APRIL 11, 1994

Mr. Chairman, Mr. Skeen, and members of the Subcommittee, the Coalition for FDA Resources is again pleased to submit for the Subcommittee's consideration its views on the FY 1995 appropriation for the U.S. Food and Drug Administration (FDA). Before we proceed, we want to thank this subcommittee for its history of support for the FDA. In times of budgetary constraints, uncooperative Executive Branch tactics and competing resource needs, this subcommittee has made hard choices in favor of the agency, choices which we believe demonstrate your dedication to the best interests of all Americans. We deeply appreciate your leadership.

The Coalition is composed of a group of trade associations, advocacy and public health organizations and professional societies convinced that adequate funding of the FDA is an essential ingredient of the personal security we enjoy as Americans. Our trade members reflect all of the key product sectors regulated by the FDA: foods, innovative and generic human and animal pharmaceuticals, medical devices, and laboratories. Since our inception we have sought to unify these differing interests, and the interests of patient advocates and healthcare professionals, in a common, objective, statement of support for an efficient and effective FDA. Each member retains the right, and indeed is encouraged, to submit individual testimony more fully elaborating its views.

Current members of the Coalition are:

American College of Cardiology
American Council of Independent Laboratories
Animal Health Institute
American Heart Association
Council for Responsibile Nutrition
Generic Pharmaceutical Industry Association
GPIA Animal Health Alliance
Grocery Manufacturers Association
Health Industry Manufacturers Association
National Organization for Rare Disorders
National Food Processors Association
National Soft Drink Association
Pharmaceutical Manufacturers Association

We are aware that the Subcommittee spends considerable time keeping abreast of developments at the FDA, reviewing its operational efficiency and its needs for equipment and laboratory upgrades. We know you share our concerns for decreasing the agency's product review times, strengthening its ability to ensure a safe food supply, and increasing the morale and competency of its personnel.

We are grateful for your continuing oversight of these issues. Congress has experimented with prescription drug user fees, and may see fit to continue with medical device fees before adjourning this year. Regardless, pouring additional funds into review functions, while essential, will not necessarily bring commensurate improvement in approval times. Thus, we encourage your ongoing attention, and that of the authorizing committees, to the implementation of program improvements funded through user fees.

We will continue with a review of the President's budget proposal. For FY 1995, the Administration states that the agency needs $645 million in budget authority and $343 million in user fees for a total of $988 million, representing a rise of $54 million from the FY 1994 current estimate. The corresponding f.t.e. figure is 9499, an increase of 323. We commend the Administration for the increase, but we feel it falls short in several respects.

The President's approach unfortunately follows recent practice, attempting to fund an ever-larger portion of the agency's budget through unauthorized user fees ($252 million for FY '95), most of which are to be devoted to deficit reduction ($228 million). At the outset, we reiterate our position that no grounds exist for the imposition of unauthorized user fees and that any fees are questionable as a matter of public policy, particularly for a public health agency. Nevertheless, as we have stated in the past, any user fee authorized by legislation must at least add to the agency's resources, for the activity taxed, on a dollar-for-dollar basis, and not be diverted to deficit reduction.

Thus, we urge the subcommittee to disregard the Administration's proposal to rely on unauthorized user fees for $252 million of the agency's resource needs.

We are also disturbed that the Administration has taken an almost punitive approach to addressing the agency's expanding responsibilities. While it calls for an overall increase in total budget request and f.t.e.'s, all additional funds and positions are directed to activities covered by increased user fee revenues, whether authorized or, in the case of the medical device fee, unauthorized. **All other functions in each center within the agency, no matter how vital, are slated for level funding, with no allowance even for mandatory increases in compensation levels and other expenses.** The agency is thus forced to absorb f.t.e. **decreases** in those functions.

There is no attempt to justify this personnel decrease in terms of reduced workload or demand on the agency's resources. It is simply a matter of saving money, coupled perhaps with a none-too-subtle message to regulated industry: agree to a user fee, or see the activities important to you slowly strangled. Indeed, as we see in this year's proposal, level funding is imposed even on non-product-approval functions within CDER and CBER which are not subject to user fee reimbursement, regardless of how important they may be to the public. These tactics are not only misguided, but in the context of one of the nation's premier public health protection agencies, they are irresponsible.

We feel instead that the very minimum required for the agency to fulfill its vital public duties is the **current services** level of funding. The Justification sets this at $35 million, but, as in years past, we believe the Administration's figure is understated. We feel a more accurate figure, which would allow the agency to maintain the intensity and quality of services it provides in FY 1994, would be $47 million. This would also increase the total f.t.e. figure to 10,057.

In summation, we urge the Subcommittee to grant the FDA a current services budget total of $1.035 billion, composed of $944 million in budget authority and $91 million in currently authorized user fees. This is a tight budget for tight times. It addresses only the agency's most urgent priorities. While we know the pressures on the Subcommittee, we hope that as we see the light at the end of the recessionary tunnel, we will not sacrifice in the final stretch the progress which has been made at the FDA through the budget increases of the last few years.

Thank you for your attention. We stand ready to work with you as you address the FDA's needs.

W. Douglas Campbell
Exeutive Director

MAR 24 1994

DRAFT: TESTIMONY TO THE APPROPRIATIONS SUB-COMMITTEE

March 14, 1994

Congressman Richard J. Durbin
Chairman of House Approp. Sub-committee on
Agriculture, Rural Development, Food and
Drug Administration and Related Agencies
Room 129, Cannon House Office Building
Washington, DC 20515

Dear Mr. Durbin:

The following testimony is offered in support of a facilities grant of ~~6.79~~ 6.59 million dollars to provide the remaining funding to complete the first phase construction of the Main Campus Building and aquaculture facilities for the Coastal Institute on Narragansett Bay at the University of Rhode Island.

The Coastal Institute on Narragansett Bay will carry out research to increase understanding of the relationships between human activities and the condition of the coastal environment and its resources. The scientists of the Institute will work in partnership with local, state, federal, international agencies, and other research institutes to use this understanding to help solve the increasingly pressing and complex problems of the coastal environment and development throughout the world.

The resources and human activities that are contained within the nation's coastal areas are enormous. Great urban industrial complexes, major transportation hubs, and over 50% of the world's population, along with some of it's most productive agricultural lands and most of both the marine and freshwater aquaculture industries, are found within the coastal zone.

The program of the Coastal Institute will approach these resources and human activities at a systems level. By working beyond and across the bounds of traditional disciplines, scientists at the Coastal Institute will strive to understand social and natural systems not only in their parts, but in their complex interactions. This is the approach that we must take if we are to improve the quality of our lives and still maintain the natural productivity of the nation's and earth's resources.

The University of Rhode Island is in a unique position to play a national role in research and teaching in matters related to coastal environments. The University has one of the very finest graduate schools of oceanography in the nation. Scientists in the College of Resource Development, formerly the College of Agriculture, have over twenty years of experience in research related to management practices which reduce non-point source pollution and ways to maintain a viable farm community while recognizing legitimate environmental goals.

The scientists in the College of Resource Development have been strong contributors to the national research program in marine aquaculture and in resource and environmental economics. In fact, the University of Rhode Island, is unique among the land grant universities in its long term commitment to, and in the high level of excellence that has been reached, in research and training in areas related tocoastal regions. The Coastal Institute on Narragansett Bay is a logical outcome because of this accumulation of experience and tradition which identify the University.

Your attention is directed to two special features of the Coastal Institute that would be built with the federal portion of the funding, which as you know is already matched with 12.56 million in contributions provided through public bonds by the taxpayers of the State.

First is the experimental economics laboratory. This laboratory will be the most technologically advanced of any in the nation. It will be the only such laboratory that will be primarily focused on research related to the problems associated with managing our natural resources in an environmentally sound way and to the sustainability of our coastal ecosystems and coastal enterprises.

The University is also working to develop relationships with private industry and government, including the armed services, which will result in research and training programs utilizing this laboratory to undertake programs for the mutual benefit of all. It is critical for the future of universities and the rest of society that these types of relationships be created and fostered.

Second is the aquaculture research facilities. The U.S. aquaculture industry, except in the case of catfish in the South and trout in Idaho, is lagging behind the rest of the world. This multibillion dollar industry can be important to the nation's general economy and in particular to the rural communities in which it is typically located.

One difficulty for U.S. aquaculturists is that the various states have a valid concern for the impact of aquaculture on the coastal environment. The proposed research facility has the potential to make significant contributions in the development of environmentally appropriate production systems.

The University of Rhode Island is currently in the process of structuring itself to meet the challenges of the 21st century. The Coastal Institute on Narragansett Bay is an important part of our vision for the future of providing the nation and the world with a center of excellence in matters related to coastal environments.

It is hoped that the federal government will be in a position to join with the citizens of the State of Rhode Island in fulfilling this vision.

The Coastal Institute

The Coastal Institute is a multi-disciplinary, multi-college organization with staff and faculty to be located at the Narragansett Bay Campus and the main campus of the University of Rhode Island (URI). The university has a long history of research and teaching which has improved our understanding of the marine, coastal and terrestrial environments and the policy questions associated with multiple uses of coastal environments.

The current intensity of coastal development, population pressures, environmental concerns and use conflicts emphasize the timeliness of the conception and development of the Coastal Institute. It is easy to understand why use conflicts exist when you consider that 50-75 percent of the worlds population now lives within 50 miles of a coast and that these same coastal areas are the location of the most productive ecosystems on the planet. It is unfortunate that almost everything that is mined, manufactured or used on land has the potential to enter our bays and estuaries. Surface runoff from agricultural fields, lawns, highways, and parking lots flow into these same bodies of water and carries with it a large burden of pollutants. All of these sources come together to make coastal waters among the most intensively polluted environments on earth. It is also not surprising that it is in coastal environments that conflicts between human activities and ecosystem maintenance reach their greatest intensity.

The Coastal Institute has the capability and desire to bridge the gap between science and policy and to bring together social scientists, oceanographers, and terrestrial and marine scientists. It will provide the setting to translate scientific knowledge into change through policy development and education. The Coastal Institute is and will continue to build partnerships between state and federal agencies as well as citizen action groups. Through the coastal management program of the Coastal Institute these same dynamics have been used to assist developing countries in cooperation with host governments, USAID, World Bank and private foundations. The international programs for training and education are an important component of its total mission.

The combination of two main facilities on the Narragansett Bay Campus and one on the Kingston campus will provide space and state of the art infrastructure to support the most comprehensive and broad-ranging program of study of the coastal environment available in the United States. A unique characteristics of the Coastal Institute will be the combination of natural and social scientists to address jointly the multifaceted and interdisciplinary problems of the coastal zone. This comprehensive scope will make the University of Rhode Island's Coastal Institute a future world leader addressing the most significant scientific and societal issues facing our coastal environment.

2601 Warring St. #373
Berkeley, CA 94720
March 16, 1994

Rep. Richard Durbin, Chairman
Agriculture Subcommittee
House Committee on Appropriations
H-218 Capitol
Washington, DC 20515-6015

Dear Representative Durbin:

The Clinton Administration presented its 1995 budget in February and your subcommittee is now considering the allotment for Animal Damage Control (a branch of the Department of Agriculture).

In fiscal year 1992 Animal Damage Control killed over 135,000 mammals, 2 million birds and harassed and displaced untold numbers more, all at a cost to taxpayers of nearly $35 million. The killing methods used are: shooting from planes, trapping, snaring, M-44 sodium cyanide bait which explodes in the animal's mouth, and denning cartridges to smoke coyote pups out of their dens and club them. All this is done to appease ranchers. The Animal Damage Control department should not be allowed to kill wildlife like this. Ranchers, like everyone else, should be required to pay their own way. Please decrease the appropriation for the Animal Damage Control program. Thank you.

Sincerely,

Rachel Bussel

Rachel Bussel

ERSITY OF
RHODE ISLAND

March 18, 1994

Congressman Richard J. Durbin
Chairman, House Appropriations
 Subcommittee on Agriculture,
 Rural Development, Food and Drug
 Administration and Related Agencies
Room 129, Cannon House Office Building
Washington, DC 20515

Dear Congressman Durbin:

I am writing to express my thanks for the support your committee has given for the facilities to help us achieve our vision for the Coastal Institute on Narragansett Bay. This Institute will address pressing issues as they relate to the use and management of our nation's coastal resources, including its farmlands and fisheries, its watersheds and estuaries, and its rural communities. The latter are highly dependent upon the sustainability of these resources.

The University of Rhode Island has a long tradition of research and teaching in matters related to the coastal zone. Scientists at URI are world reknown in many areas including coastal oceanography, ground-water management, environmental and resource economics, fisheries management and marketing, the law of the sea, aquaculture production systems, ocean engineering, coastal farming systems, fisheries restoration, esturine ecology, and the sociology of coastal fisheries and farming communities.

The Coastal Institute will take advantage of this broad-based expertise to approach the problems of the nation's and world's coastal areas in a holistic way. The Institute will promote studies which go beyond traditional approaches and reach across established disciplines to find new solutions to our pressing human and natural resource problems in our critical coastal environments.

The Main Campus Building and aquaculture facility, which your committee is funding as the federal share of the state and national partnership which is constructing the institute, will be a unique national resource. Among other things, it will house what has been designed as the nation's most advanced experimental laboratory for simulating decision and public policy making in resource and environmental economics, political science, marine affairs and in international trading and finance. It will have the capability to simultaneously involve decision makers from around the world in these simulations.

The University of Rhode Island is an affirmative action and equal opportunity employer.

OFFICE OF THE PRESIDENT
Carlotti Administration Building, Kingston, Rhode Island 02881-0806
Phone: 401-792-2444 Fax: 401-792-7149

Page 2.

I am very excited about the contribution that the Coastal Institute will make to the nation's and the world's ability to manage its coastal resources. Not only that, the Institute will be a stimulus to creating innovative graduate and undergraduate teaching programs to better serve the coming generations of the nation's scientists.

Thank you for your consideration of this year's request for 6.59 million dollars which will make it possible to begin construction in 1995 of the Main Campus building and aquaculture facility. I am certain the Coastal Institute on Narragansett Bay will be a national center of excellence.

Sincerely,

Robert L. Carothers
President

RLC:esm

cc: Senator John Chafee
Senator Claiborne Pell
Congressman Ronald Machtley
Congressman Jack Reed

MAR 25 1994

State of Rhode Island and Providence Plantations
EXECUTIVE CHAMBER, PROVIDENCE

Bruce Sundlun
Governor

March 16, 1994

The Honorable Richard J. Durbin
Chairman, House Appropriations Subcommittee
on Agriculture, Rural Development,
Food and Drug Administration and
Related Agencies
Room 129, Cannon House Office Bldg.
Washington, D.C. 20515

Dear Congressman Durbin:

I am writing to express the State of Rhode Island's appreciation to your committee for joining in a State/Federal partnership to construct the Coastal Institute on Narragansett Bay at the University of Rhode Island's Bay Campus in Narragansett. The $5.98 million which your committee has allocated to this project over the last five years is much appreciated.

The citizens of this state, through public bond issues and other matches, have contributed $12.1 million to this same effort. Construction will begin on our Bay Campus portion of the Institute this fall. What is required now is an additional $6.59 million to enable us to begin the first phase for the construction of the Institute building on the Main Campus in Kingston.

With over 400 miles of coastline, Rhode Island has a long tradition of addressing management issues associated with coastal resources. Scientists at our Land Grant University, the University of Rhode Island, including the world-renowned Graduate School of Oceanography and the Colleges of Resource Development and Engineering, have made major and significant contributions towards the national goal of developing management systems to sustain the productive benefits of our coastal resources. These include coastal farmlands, our coastal watersheds, and fisheries resources.

The Institute will be a major asset for the nation. As Governor, I am excited that Rhode Island, the smallest State in the union, is in a position to make such a large contribution to the nation in the preservation of natural resources.

Rhode Island has been struggling to work its way through the most severe economic recession since the Great Depression. Sufficient funding to permit us to begin construction of the Main Campus building early in 1995 would be a welcome boost to our State's economy.

Thank you for your attention to our request to create this vital national asset at the University of Rhode Island.

Best personal wishes.

Sincerely,

BS:la
0008P.13
pc: Senator Claiborne Pell
Senator John H. Chafee
Congressman Jack Reed
Congressman Ron Machtley

American
Academy of
Pediatrics

Department of Government Liaison
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Donald E. Cook, MD
Greeley, Colorado

Leonard A. Kutnik, MD
San Diego, California

April 15, 1994

The Honorable Richard Durbin, Chairman
Agriculture, Rural Development, FDA, and Related
Agencies Subcommittee
Committee on Appropriations
U. S. House of Representatives
2362 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Durbin:

The American Academy of Pediatrics would like to request your support for increased appropriations for the Special Supplemental Food Program for Women, Infants and Children (WIC). *A FY1995 appropriation of $3.564 billion for WIC, as proposed by President Clinton, is crucial toward keeping this important program on track for full funding by FY1996.*

The Academy supports many child health, education and welfare programs, but the WIC program has always assumed a special importance to us. Providing food coupons and nutrition information to infants, young children, and pregnant and breast-feeding women is an excellent way to fight some of the causes of infant mortality, low birth-weight babies, and delayed growth and development in children. In addition, the WIC program provides a valuable link to the health care system for many pregnant women and infants in desperate need of preventive care, such as immunizations and primary health services. Moreover, the program's nutrition education component helps program participants to choose their food wisely and develop good life-long eating habits.

Also of critical importance is that the WIC program helps to promote breast-feeding -- the best form of nutrition for infants. Since its founding in 1930, the Academy has advocated breast-feeding, stressing the superiority of human milk, except in those rare instances where specific contraindications exist. The nutritional, immunologic, allergic, psychologic and economic advantages of breast-feeding have been studied and are well-documented. *In order to assure that pregnant women continue to get adequate breast-feeding support, we strongly urge that the sums designated for breast-feeding promotion in the WIC program be increased from its 1989 level of $8 million per year to $16 million. In addition, we believe that funding for this breast-feeding education component of the program should grow proportionately as funding for WIC grows, and as the number of pregnant women served is increased.*

Finally, WIC makes economic sense. The USDA found that every dollar spent on a pregnant woman can save up to more than $4 in Medicaid costs for newborns and mothers during the first 60 days after birth.

We urge you to consider the cost savings and benefits of WIC when making tough appropriations choices. It is tragic that WIC is unable to serve all those who are eligible for this program. WIC is a program where dollars spent today will result in dollars saved tomorrow.

Sincerely yours,

Betty A. Lowe, MD

Betty A. Lowe, M.D.
President

TESTIMONY

submitted to
The Agriculture, Rural Development, Food and Drug Administration and Related Agencies
Subcommittee on Appropriations
April 1994

Concerning
Tropical and Subtropical Agricultural Research

Written Statement by

Noel P. Kefford, Dean, College of Tropical Agriculture and Human Resources, University of Hawaii

Mr. Chairman and members of the Committee, I submit this testimony to you on behalf of the Pacific Basin Administrative Group (PBAG) in support of the Tropical and Subtropical Agriculture Research program. We believe that this is one of the most important programs pertaining to agricultural research in the tropical and subtropical regions of our country. This program provides much of the fundamental information needed to maintain a strong agricultural base in the tropical and subtropical regions of the United States. We respectfully ask for your continued support of this program so critical to the Pacific and Caribbean Basins.

Program Background

The Tropical and Subtropical Agricultural Research Program is a partnership of the USDA and American universities in the tropics (U. of Florida, U. of Guam, U. of Hawaii, U. of Puerto Rico, U. of the Virgin Islands). The program goal is to fill knowledge gaps, solve critical problems, and develop new market opportunities for enhanced tropical agro-ecosystems and high-quality tropical agricultural products for the benefit of U.S. citizens.

What is the intent/scope of the program? The program supports research on the organisms, environments, and processes of tropical agricultural systems of the American-affiliated Pacific area. There are currently 53 active research projects focusing on solving critical agricultural problems and developing new opportunities in the Pacific region. The projects enhance agricultural production, information technology, and marketing competitiveness in the tropics and subtropics of the Pacific Basin and elsewhere.

What are the program objectives? The purpose is to identify and fill knowledge gaps in tropical agricultural systems of the Pacific Basin and to facilitate the transfer and use of results. Priority research thrusts are developed by the PBAG and announced in the Call for Preproposals to be used in formulating objectives for project research plans.

Pacific Basin Research Thrust Areas, FY 1994:

1. *Development of human resources in tropical agricultural production and consumption systems.*
2. *Management of tropical crops and pests for enhanced productivity, economic potential, and environmental protection.*
3. *Characterization and design of sustainable agroecosystems in the tropics.*
4. *Application of biotechnology to sustainable tropical agroecosystems.*

How are research projects selected? New research projects are selected from proposals submitted each year by eligible researchers. The selection process includes an internal preproposal screening at the college level and a full proposal evaluation by external peer reviewers. During the FY 1994, 41 preproposals were submitted; 20 were selected and sent for external review. The PBAG members consider the review comments in selecting the proposals to be funded in April, 1994. Approximately 8-18 new projects are initiated annually that typically propose 3 years of work budgeted at approximately $30,000 per year.

How are the research results disseminated? Individual project completion reports are submitted to USDA/CSRS for final approval. Technical results are commonly published in peer-reviewed journals and presented at disciplined-based conferences and workshops. A successful, joint CBAG/PBAG workshop with approximately 60 participants entitled "Plant Stress in Tropical Environments" was conducted in September 1992, Kona, Hawaii. Another joint workshop is being planned on "Agroecosystems Sustainability in the Caribbean and Pacific Islands" in October 1994, Florida. Summary highlights and importance to users are published in *PBAG Progress and Achievement Reports* approximately every two years. The last such report which described PBAG accomplishments through 1992 was published and distributed in 1993. An informational brochure and a videotape production of Section 406's story entitled *"Success and Relevance"* were developed in 1993.

Sampling of MAJOR ACHIEVEMENTS and IMPORTANCE TO USERS

- The usual method for a new crop introduction is by field trials at a limited number of different sites due to cost and time constraints. Researchers developed an analogous site model coupled with a geographical information system to identify environmentally similar sites where no field trials exist for evaluating the potential for new crop introductions. Land use planners and farm managers can use this tool to identify potential planting sites and predict yield in a highly cost- and time-efficient way. For example, Amfac, Inc. utilized information developed for cocoa in planning alternative crop research and development activities.

- Bacterial diseases of important tropical crops are a widespread and economically significant problem. Scientists developed serological (monoclonal antibodies) and genetic (DNA) probes specific to pathological strains for the early detection of bacterial diseases in symptomless plants. This quick identification approach can foster the implementation of appropriate eradication procedures and disease control practices to prevent significant crop and economic losses to growers.

- The *Liriomyza* leafminer is one of the most serious threats to world agriculture. Scientists have identified natural enemies (parasitoids *Diglyphus begini* and *Ganaspidium utilis* and insect parasitic nematodes) of the leafminer complex that can exert biological control of this pest, and are investigating the potential to increase insecticide resistance in selected biocontrol agents. This work will advance the integration of biological and chemical controls, reduce growers' dependence on insecticides, slow development of insecticide resistance in the leafminers and other species, and reduce environmental contamination and human exposure to insecticides, particularly in tropical regions.

- More than 60 percent of the known insect-borne plant viruses are transmitted by aphids, which impact growers worldwide with a combined cost of controlling aphid vectors and crop losses due to plant viral diseases estimated at more than $200 million annually. In the Pacific basin, aphid-transmitted viruses of cucurbit crop (zucchini, watermelon, cucumber, pumpkin) are problematic. Researchers have demonstrated that mild virus strain cross-protection is highly successful in managing zucchini yellow mosaic virus.

- Tourism is emerging as an important component in the local economy, which was traditionally based largely on production agriculture. Using a tourism-agriculture impact model, scientists have identified linkages between the visitor and agricultural industries based on surveys of agriculturally based visitor attractions, hotel resorts and restaurants, and food manufacturers. The results, which indicate that Hawaii's agricultural sector has been transformed from one of large-scale production of a few export crops such as sugarcane and pineapple to a diversified mixture of industries producing goods and services for niche markets (including tourists), provide policy makers and citizens a tool for strengthening positive tourism-agriculture links and mitigating negative links in visitor destination areas. Three hands-on workshops of chefs and farmers in Hawaii have resulted in more restaurants and hotels offering cuisine that features more local food crops to the delight of tourists and citizens alike.

- Researchers have developed an effective, low-cost alternative-- a combined anaerobic biofixed film and aquatic plant unit-- for treating wastewater collected from the small-scale sewer systems in farming and fishing villages. This wastewater treatment technology can be integrated into the livestock waste management system to utilize waste resources to produce methane fuel and soil amendments for profit. In addition to a 300-head pig operation at the University of Hawaii's Waialee agricultural experimental station that utilizes a waste management system based on this work, the Happy Hula Hog farm on Maui and the Kaneshiro Pig farm on Kauai are two private firms that have adopted this technology.

- While tropical environments expose plants to heat stress, endemic tropical plants have evolved mechanisms to cope with high temperatures and other environmental stresses. Scientists have characterized 'heat shock response' and identified functions of heat shock proteins in thermotolerance, and are working to improve thermotolerance in crop plant varieties through biotechnology. Based on knowledge gained through this work on tropical plants, scientists are attempting to develop genetically engineered wheat and other temperate cereal crops that are more tolerant of heat stress.

- High humidity and temperature in the tropics result in heat stress that impacts negatively fertility rates of beef cows. Scientists observe that cows without shade experience heat stress-- they have longer intervals between estrus and altered hormonal profiles. By providing adequate shade protection, improvements in fertility rate as well as milk production during hot months can be made.

- Researchers have determined that green manures and animal wastes can be used as substitutes for lime to alleviate aluminum toxicity and calcium deficiency, and phosphorus becomes more available to crops through organic residue incorporation. For example, farmers in Samoa who adopted practices based on this work observed three-fold yield increases in sweet corn and field corn crops, and vegetable growers in Waianae, Oahu, who incorporated recommended amounts of chicken manure into fields planted to lettuce and tomato experienced an improvement in efficiency of phosphate fertilizer uptake from 50 to 90 percent.

- Aquaculture is an emerging industry in the Caribbean and Pacific basins. Researchers developed a conceptual model integrating four distinct phases of aquaculture production (maturation, hatchery, nursery, and growout) to derive the optimal aquacultural farm structure and size. The results of this research activity are useful for characterizing risk and minimizing large initial investment outlays in aquaculture ventures.

- Taro is a promising crop for economic diversification in tropical and subtropical environments. Researchers developed a simple method for producing taro flour, which is naturally hypoallergenic and healthy, that yields 20 to 25 pounds of taro flour (moisture content about 6%) from approximately 100 pounds of taro corms. The effects of taro flour production and handling practices on further processing into cookies and pizza crusts were characterized and incorporated into taro flour production technology ready for transfer to clienteles.

- Tropical legume and root crops provide significant amounts of dietary protein to the people in the tropics. However, the protein quality of these crops, like most other legumes and vegetables, is not high due to a deficiency in the essential sulfur-containing amino acids, methionine and cysteine. Scientists developed a molecular approach for improving protein quality in tropical legume and root crops that may contribute to the nutritional well-being and health of the people in tropical regions. As a result of this work, the target genes have been isolated and the vector products are ready to transfer the genetic capability to synthesize these essential amino acids to taro and cassava plants to the benefit of root crop farmers and consumers in the tropics.

- *Lantana camara,* a native of the tropical and subtropical Americas is one of the top ten noxious weeds in the world. Investigators have identified five effective biocontrol agents (introduced natural insect enemies of lantana)—the tingid bug, hispine beetle, pterophorid moth, tortricid moth, and pod-fly—in Micronesia, and have obtained a USDA permit to introduce the lantana leaf miner from Australia to Guam. The information developed provides a foundation for further efforts to control lantana in tropical environments.

- Prior to 1986 mango production on Guam was poor in part due to leaf and flower consumption by the mango shoot caterpillar, *Penicillaria jocosatrix*. Because it has no significant natural enemies there, a fly and a wasp that parasitize the caterpillar were introduced from India. After these parasitoids established themselves, mango shoot caterpillar populations declined to one-fourth their previous levels and fruit production increased from less than 0.1 fruits per branch to 2 to 8 fruits per branch For the first time in many years, large amounts of locally produced mango were available to consumers during the fruiting season.

- Papaya ringspot virus is a major limiting factor in papaya production. Researchers have developed virus-resistant papaya cultivars through genetically engineered cross-protection, where the viral coat protein gene was transferred via a particle gun into virus-susceptible plants to genetically transform them into highly virus-resistant plants. Other economically important improvements that may be achievable through genetic engineering include development of resistance to fruit fly infestation and fungal diseases, and extension of postharvest shelf life.

- Little is known about the postharvest physiology and optimum handling for maximum postharvest life and quality maintenance of tropical leafy vegetables such as cassava leaf, taro leaf, ung choi, and leafy amaranth--until now. Scientists determined the time-temperature relationship of storage, the length of storage possible, and the rate of decline in quality as determined both objectively (chlorophyll, fiber, loss of ascorbic acid, respiration) and subjectively (appearance). This information is highly useful in helping growers and wholesalers provide high-quality tropical leafy vegetables to consumers.

- Researchers constructed a culturally sensitive food guide for Hawaii based on a sample of homemakers composed of 41% Hawaiian, 23% Caucasian, 21% Filipino, 9% Polynesian, and 6% Oriental. The guide provides information for families to develop menus that may be culturally preferred, delicious and nutritious.

Request for Continued Support

Mr. Chairman and members of the Committee, in the above. I have described the plans and accomplishments for a research program that is critical to the well being of those Americans who reside in the tropical and subtropical regions of the United States. Through collaborative activities between the Pacific and Caribbean Basins, we believe that this program is of critical importance to our respective regions and is an example of research which applies science to the practical problems faced by the people we serve.

We urge your continued support.

TESTIMONY

submitted to
The Agriculture, Rural Development, Food and Drug Administration, and Related Agencies
Subcommittee on Appropriations
April 1994

Concerning
Agricultural Development in the American Pacific

Written Statement by

Noel P. Kefford, Dean, College of Tropical Agriculture and Human Resources, University of Hawaii

Chin-Tian Lee, Dean, College of Agriculture and Life Sciences
University of Guam

Antonio Santos, Director, Land Grant Program
Northern Marianas Community College

Anita Suta, Director, Land Grant Program
College of Micronesia

and

Salei'a Afele-Fa'amuli, Director, Land Grant Program
American Samoa Community College

Mr. Chairman and members of the Subcommittee, we, the land-grant directors from the American Pacific islands, thank you for the opportunity to share our progress with Agricultural Development in the American Pacific. The land grant programs from the American Pacific includes American Samoa, the Commonwealth of the Northern Mariana Islands, Guam, Hawaii, and the Freely Associated States of Micronesia. Our goal is to accelerate agricultural development in our region while maintaining the physical and cultural environment. In today's terms, our goal is sustainable development.

We emphasize that the region is so large and the demands so great that any efforts at rational development require a level of regional coordination and collaboration unlike any other region of the country. Without your past and continuing support, we are certain that we would be far behind in addressing the pressing agricultural needs of our region. We are indebted to you and request your continued support.

Administratively, 1993 was significant in two major respects. First, we began to implement the strategic plan which we prepared the previous year. The substantive accomplishments from this implementation are summarized in an appendix to this testimony. Second, we successfully requested that the administrative venue be moved from the Extension Service to the Cooperative State Research Service to better achieve the problem solving research needed in the region. This shift is not to deny the importance of transferring information to our clientele but rather to focus on creating information that is called for and can be used by our clientele. We thank you and members of your Committee for making this change on our behalf.

We are moving to the next and higher level of activity in the region. The level of cooperation and collaboration remains as high as ever. The goals and objectives set for the next five years are well articulated and reflect the true needs of the region. It is clear that the next few years will be most demanding on staff and institutions. The focus is clearly on serving the needs of clients in a practical way. This will come about through creative but practical research with constant awareness of the need to transfer results to end users. Equally important is the need to ensure that clients are involved in the definition of the kinds of information to be developed through applied research. A regional approach to solving the problems of the agricultural community is the force that binds us together and provides us a strong base for success.

We also believe that we are an ongoing experiment attesting to the effectiveness of the land-grant system. We are aware of interest in providing land-grant status to Native American and Hispanic institutions of higher learning. We are the youngest of the land-grant institutions and would welcome the opportunity to share our experiences with you and U.S. Department of Agriculture officials should the creation of new land-grant institutions be debated.

We ask your continued support for a program which will have major implications for the development of agriculture in the American Pacific. We thank you for consideration of our request.

Appendix: Accomplishment Report

In August 1992, the ADAP directors developed and approved a 5-year strategic plan for the period 1993 -1998. Within the strategic plan is ADAP's mission statement that identifies ADAP as a mechanism to address common regional, client-based issues while maintaining cultural, social, economic and environmental integrity. A sample of accomplishments in successfully implementing the first year of the new strategic plan is presented below.

Degree Studies/Staff Development

Clientele/Implications: Land-grant staff committed to return to their institutions. The students and local communities (farmers, merchants and consumers) benefit from the expertise of trained staff and new programs. For example, Salei'a Afele-Fa'amuli and Lloyd Ali from American Samoa, Frank Cruz and Vincent Santos from University of Guam, Regina Aguon and Ray Mcduff from Northern Marianas College and Engly Loanis and Ishmael Lebehn from College of Micronesia have been participants in the ADAP Degree Studies/Staff Development programs and are currently employed by their home institutions..

Accomplishments: Since returning to American Samoa Community College (ASCC) after having received a Ph.D. under ADAP sponsorship, Dr. Afele-Fa'amuli, has rebuilt the EFNEP program and is the main teacher of nutrition courses for ASCC. She has been working with 50-60 village mayors to provide more effective nutrition programs. In February 1994, Dr. Afele-Fa'amuli replaced the retiring Land Grant Director at ASCC.

As an example of staff development accomplishments, over 120 participants were taught the practical use of tree species for fodder, fuel, and windbreaks at four Agroforestry Extension

Training workshops held to encourage practical technology transfer geared toward the small farm and farm family. Selected farmers/clients received further training on propagation techniques and supplied with improved planting material. A concise guide identifying sources of improved planting materials and equipment, methods of plant propagation and seedling care were made available to producers and extension agents.

Future Plans: One land grant staff member from ASCC is pursuing a B.S. in Soils. Another land grant staff from University of Guam (UoG) is pursuing a M.S. in Animal Science. Funds have also been designated to provide scholarships for a staff members from College of Micronesia (CoM) and Northern Marianas College (NMC) to pursue a degree.

Dietary Guidelines

Clientele/Implications: Consumers, health and nutrition specialists. Consumers will be provided with information which will improve their nutrition intake and health. For example, Waimanalo Health Center, Kaiser Medical Center, Shriners Hospital, extension agents within the pacific region, libraries and local government from American Samoa, Micronesia, Saipan and Guam.

Accomplishments: The Dietary Guidelines project published a booklet entitled "Food Choices for Healthy Living" for Samoa and Hawai'i. Copies of these booklets were distributed to hospitals and clinics throughout the islands. The response from the community was so great that the initial printing of 300 copies of each booklet were distributed within 3 weeks of publication. An additional printing of 600 copies of the Hawai'i booklet and 300 copies of the Samoa booklet will be printed and distributed.

Future Plans: From 1994-96, the Dietary Guidelines project will be continued in order to complete and publish "Food Choices for Healthy Living" for Guam, Micronesia and the Northern Marianas.

Crop Protection

Clientele/Implications: Farmers and consumers of staple foods and cash crops. Research has been done on Rosebeetle, Planthopper Predator, Taro Leaf Blight, Fruit Piercing Moth, Integrated Pest Management (Cucurbit and Cole), Epilachna Parasite and Mass Rearing of Gyron and Epidemiology of Virus on Watermelon.

Accomplishments: The introduction of *G. pennsylvanicum* to Pohnpei provided significant control of the leaf-footed bug. Population levels of the leaf-footed bug declined to noneconomic levels, reducing or eliminating the need for insecticides for its control. Yields and quality of fruit improved dramatically, providing important economic benefits for farmers and consumers.

Through research with watermelon, it was demonstrated to the farmers that the use of floating row covers allowed the exclusion of aphids and was a good control technique for aphid-transmitted virus diseases. The savings made possible by the reduction in the number of pesticide applications and the increased yield more than make up for the cost of the row covers.

Future Plans: In the past 12 months, control practices have been developed for taro leaf blight because of the close interaction among the ADAP institutions and management office. In the next 12 months, research will be conducted to determine the effect of adding nutrients to the soil and to determine the susceptibility and/or resistance of taro cultivars from Micronesia and Hawaii.

Agricultural Instructional Materials Service

Clientele/Implications: Instructors, students, extension agents and farmers especially in the areas of Pest Management, Agroforestry, Human Nutrition, 4-H, Crop Protection and Crop Production. Instructors will have improved and updated materials for their classes. For example, developed courses and materials for Crop Production and Crop Protection by faculty from UoG, CoM and ASCC. Extension agents will have a resource from which to assist the farmers.

Accomplishments: Two regionally developed courses, Crop Protection and Crop Production, with full instructional materials, which were developed by faculty from UoG, CoM, and ASCC, were published and are currently being taught at American Samoa Community College, Palau Community College, Community College of Micronesia, and the University of Guam.

Future Plans: Working groups, composed of representatives from each ADAP institution, will meet over the next 18 months to develop a minimum of eight sets of regional specific materials on fruit trees, nutritional value of local foods, the 4-H SPACES curriculum, pesticide applicator training, animal health, farm management, clothing patterns and construction, and teen parents. A catalog of regional specific agricultural materials will be distributed throughout the region.

Integrated Farm Development

Clientele/Implications: Researchers, extension agents, farmers, and consumers. Farmers are provided information on increasing taro yields. For example, a video, "The Use of Azolla in Wetland Taro", Pacific Island Farm Manual and a collection of extension leaflets covering Taro Production, Taro Varieties, Cover Crops, Tropical Perennial Vegetables and Multipurpose Trees.

Accomplishments: Cooperators from each ADAP institution have established on-farm research trials examining the use of legumes, grasses and cover crops for weed control for taro; fertilization practices; taro nutrition; intercropping short-growing vegetables with taro; and insect and disease problems of taro.

Future Plans: Information relating to taro production, taro varieties, cover crops, tropical perennial vegetables and multipurpose trees are prepared for distribution. A video, "Weed Control in Wetland Taro Cropping Using Azolla," is being produced. Publications, photos and videos will be distributed to farmers and extension agents in each country.

Environment

Clientele/Implications: Students, farmers, and teachers. As a result of Project Learning Tree (PLT) teacher-training workshops, held from 1990-93, hundreds of teachers in the region have received specific training in the use of PLT activities, in turn providing additional environmental awareness to thousands of school children through the use of the environmental education materials provided. The project has had an impact beyond the local schools to the general public.

Accomplishments: Leadership workshops were conducted in Commonwealth of Northern Marianas Islands (CNMI) and Guam. A total of six educator workshops were held in American Samoa (2), CNMI, Kosrae and Pohnpei (2). A workshop for youth was also conducted in CNMI. A writing workshop to revise the Project Learning Tree activity guide in Guam for participants from American Samoa, CNMI, Guam, Hawai'i, Kosrae, Palau, Pohnpei, and Yap.

Extension Convocation

Clientele/Implications: Initially, extension agents within the Pacific region and volunteer community leaders from programs such as YWCA, Government Council for Literacy and Department of Business Economic Development and Tourism. After receiving training, they influence the farmers and their community.

Accomplishments: The convocation provided training to 53 land grant staff in program planning and evaluation. The convocation allowed the formation of networks of extension professionals in the ADAP region and identified ways these networks can assist with and strengthen local programs. On-going monthly regional roundtable discussions have been held via PEACESAT to exchange ideas, plans and discuss problems.

Articulation

Clientele/Implications: Institutions, faculty and students benefiting from more appropriate educational options from the development of new majors, articulation of courses between institutions and faculty cooperation. For example, Consumer and Family Sciences is a new major at the University of Guam with assistance from University of Hawai'i. The need for trained professionals is especially important as dramatic socioeconomic changes are taking place in the Pacific causing major dislocations in family relationships and related difficulties.

Accomplishments: UoG has completed a new major in Consumer and Family Sciences with assistance from UH. Materials from ADAP institutions were used in the development of both the major and individual courses. UoG's curriculum will also provide useful background information as ASCC and NMC work to develop a program and curriculum in Home Economics.

Graduates of the UoG's program will assist in improving family resource management as new economic realities emerge and become ever more pressing to local residents and immigrants from Micronesia, encourage responsible health care and nutrition among local residents, and help to facilitate orderly social adjustments in the community.

Future Plans: Formal articulation of two courses between UoG and UH has started and two others identified to articulate. First steps for articulation of Consumer and Family Sciences courses between UoG and NMC have been taken. ADAP directors will continue to work with faculty and academic affairs officers in order to continue to identify courses which are appropriate to articulate.

Communication

Clientele/Implications: Initially land-grant staff, however, as the communication link develops, students and farmers will benefit. The strong communication links which have developed between the land-grant institutes such as PEACESAT Internet nodes, ADAP Bulletin Board System and satellite teleconferences provide opportunities for dialogue, sharing of information and expertise, and coordination of efforts.

Accomplishments: In the fall of 1993, PEACESAT established an Internet node which can be accessed by ASCC, CoM, NMC and UoG. A number of land grant staff are using the system to communicate.

Future Plans: Automatic tracking devices will be installed on the satellite dishes by May 1994 in order to allow PEACESAT users access on a 24-hour basis.

CCT
Corporation *Developing Biorational Solutions for Agriculture*

Eastern Regional Office
6613 Haskins, Shawnee, KS 66216 (913)268-7504

April 8, 1994

STATEMENT OF VERNON L. ILLUM, PRODUCT DEVELOPMENT MANAGER

CCT Corporation is a small business entity developing and commercializing Bicontrol products for agriculture crop production and protection. The potential for the use of these Biocontrol products is increasing at a tremendous rate. The loss of available conventional pesticides along with the public concern over environmental and health risks are two key reasons for this increase.

In most cases, Biocontrol products being developed today are targeted for use on specialty and/or minor crops. Due to the minimum acre treatment potential in these crops, the potential return on investment for the biocontrol product development is less than that experienced with most conventional pesticides. However, the cost to develop and commercialize these Biocontrol products is equal to or higher than conventional pesticides. An increase in public sector involvement in Biocontrol product development is necessary if the demand for these products by growers and the general public is to be met.

The Beltsville Agricultural Research Center (BARC) of the Agricultural Research Service has an existing biocontrol program which includes the Insect Biocontrol Laboratory. The Insect Biocontrol Laboratory in conjunction with state scientist and private companies is currently conducting research on microbial agents, predators and parasites, and feeding stimulants. There is a definite need to strengthen this existing program, to increase the number of cooperative projects, and to establish comprehensive model integrated pest management programs targeted at specific vegetable and other minor crop pests.

CCT Corporation believes that the need for increasing public sector involvement in Biocontrol product development and the existence of the Biocontrol Laboratory at BARC provide a unique opportunity to facilitate this need.

We repeat our earlier request that a minimum of $500,000 be specifically appropriated to the Beltsville Agricultural Research Center to establish a focused model program within the Insect Biocontrol Laboratory to assist in the development of Biocontrol crop production and protection products and methods for the control of insect pests on vegetables and other minor crops.

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Sustainable Agriculture Coalition

Member Organizations

Alternative Energy Resources Organization
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Helena, Mont. 59601
(406) 443-7272

Center for Rural Affairs
P.O. Box 405
Walthill, Neb. 68067
(402) 846-5428

Kansas Rural Center
Rt. 3, Box 116
Lawrence, Kan. 66044
(913) 841-7044

Land Stewardship Project
14758 Ostlund Trail North
Marine On St. Croix, Minn. 55047
(612) 433-2770

Michael Fields Agricultural Institute
3287 Main Street
East Troy, Wis. 53120
(414) 642-3303

Minnesota Food Association
2395 University Avenue
St. Paul, Minn. 55114
(612) 644-2038

Northern Plains Sustainable Agriculture Society
Rt. 1, Box 53
Wales, N.D. 58281
(701) 283-5195

Organic Growers & Buyers Association
1405 Silver Lake Road
New Brighton, Minn. 55112
(612) 636-7933

Sierra Club Agricultural Committee
Warrick Farms
Rt. 2, Box 11
Meadow Grove, Neb. 68752
(402) 634-2361

Wisconsin Rural Development Center
1406 Hwy. 18-151 E.
Mt. Horeb, Wis. 53572
(608) 437-5971

Washington Representative
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Washington D.C. 20002
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Testimony of the

Sustainable Agriculture Coalition

presented to the

Subcommittee on Agriculture, Rural Development, and Related Agencies

Committee on Appropriations

U.S. House of Representatives

April 1994

We welcome this opportunity to once again present our views to the Subcommittee. The Sustainable Agriculture Coalition includes ten midwestern farm and rural organizations committed to federal policy and program reform to foster a more sustainable U.S. agriculture. The Coalition is part of a larger partnership of over 30 sustainable agriculture, farm, conservation, and consumer groups known as the Midwest Sustainable Agriculture Working Group, which in turn is part of a growing network of Sustainable Agriculture Working Groups (SAWGs) organized by region across the country.

Our FY 95 program recommendations, summarized on the accompanying chart, are in five areas: research and extension, conservation and environment, marketing and rural development, farm credit, and advisory committees.

Research and Extension

We support the President's proposed increased investment in agricultural research, but to build a more balanced and coordinated package we urge you to take the following actions:

* Increase funding for the **Sustainable Agriculture Research and Education** (SARE) competitive grants to at least $20 million for the basic program appropriated under "other provisions" section of the CSRS budget and at least $8 million for the **sustainable agriculture training and outreach competitive grants program** in the Extension budget, sometimes referred to as the Sustainable Agriculture Technology Development and Transfer Program (SATDTP).

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* Take appropriate steps to ensure that this funding will continue to be jointly administered by the ES-CSRS partnership (or their post-reorganization successor body) through the Sustainable Agriculture Regional Administrative Councils.

* Improve program coordination between the sustainable agriculture programs and the water quality and integrated pest management special research grants programs by directing increased amounts of water quality and integrated pest management funding to be administered through the Regional Administrative Councils.

* Create a better funding balance by increasing appropriations for these more applied competitive grant research and extension programs relative to more basic research competitive grant funding and earmarked special grant funding.

* Improve overall research and extension program coordination by directing enhanced communication and interaction between the National Research Initiative and sustainable agriculture, water quality, integrated pest management, and other national competitive grants programs.

We are encouraged by the Administration's request for increased funding for both the CSRS and ES parts of the sustainable agriculture program. However, the proposed $4.4 million increase would still substantially shortchange the program. We urge you to make additional adjustments in the S&E package to allow for substantially greater increases.

The **Sustainable Agriculture Research and Education (SARE)** program has a good 6-year track record of high payoff investments in critical technologies for the future of agriculture. Through research and demonstration, SARE is effectively addressing farm economic, environmental, and quality of life issues. SARE utilizes a partnership approach among scientists, universities, farmers, industry, government, private research institutions and other non-profit organizations that qualifies it as an important model for re-inventing government. Funds have been so limited, however, that rejection rate for high quality, top rate projects has been much higher than most other research programs.

Requests for proposals for the newly-funded **Sustainable Agriculture Technology Development and Transfer Program (SATDTP)** are now circulating or about to be circulating in all four regions. After an agonizingly long administrative delay, the program should be operational this summer. The Deputy Secretary approved a decision memo on program implementation on February 8th that has allowed the program to move forward. An innovative and credible training program is critical to progress in sustainable agriculture and will be all the more important in light of USDA reorganization and the increased orientation toward environmental stewardship and sustainable development within the Department.

We are very concerned with language in the budget explanatory notes for the proposed $2 million increase in the Extension budget for sustainable agriculture. The notes state that the increase would not build on last year's appropriations for the "Chapter 3" training and outreach program (SATDTP) and would not be awarded on a fully competitive basis. We strongly recommend that the increased funding be consolidated into the single new program just begun in FY 94 and follow the same competitive disbursement process provided for in the 1990 Farm Bill and incorporated into the recently agreed to program guidelines. This intent should be clearly stated in the report to avoid any further administrative complications.

Conservation and Environment

We continue to support the **Water Quality Incentive Program** (WQIP), a voluntary, incentive-based program to help farmers comply with state and federal environmental regulations by providing technical and financial assistance for pollution prevention. We urge you to increase funding to at least $30 million by further consolidating Agricultural Conservation Program (ACP) water quality cost-share funds into WQIP. We strongly oppose the Administration's proposed major cut in total ACP funding, but we continue to recommend that WQIP be administered as the separate program it was intended to be rather than as a practice within ACP.

We also continue to support the special **Integrated Crop Management** (ICM) cost-share practice within ACP. We were pleased that the Administration has made ICM available nationwide for the first time this year, as requested in last year's report language. ICM incorporates pest and nutrient management, crop selection and rotation, and other conservation measures into a more comprehensive management program than is the case with traditional ACP cost-share assistance. Practices covered may include soil and tissue testing, field scouting, cover crops, green manures, improved rotations, composting and manure management, and a wide variety of other techniques for improving soil quality and reducing the use of agrichemicals.

ICM could function in the future as a sustainable agriculture component of the overall ACP program. ICM and WQIP could also serve as preliminary models for future new directions in farm and conservation assistance programs. We are currently working on an assessment of WQIP and ICM that will include detailed recommendations for administrative and legislative improvements. We will share our report with the Subcommittee when it is completed later this year.

We continue to strongly support the **Wetlands Reserve Program** (WRP), the long-term easement program to pay farmers for restoring wetlands and adopting wetland conservation plans. The WRP is a crucial component of the overall wetlands preservation effort. We support adequate funding to allow the full, congressionally mandated 975,000 acres to be enrolled on a timely basis.

We also endorse continued funding of the **Water Bank** program at current levels. While we support legislation to lengthen the period of wetland protection beyond ten years, we nonetheless support continued funding to help protect existing natural wetlands while program reform hopefully moves forward.

Marketing and Rural Development

We support the Administration's recommendation for an increase to $5 million for the **Rural Technology and Cooperative Development Grant Program**, currently administered by Extension, but slated to be transferred to the proposed Rural Business and Cooperative Development Service. While we are interested in the full range of rural businesses and services addressed by the program, we are particularly keen on substantial funding for technical assistance for start-up sustainable agriculture production and marketing cooperatives. On-farm and local community value-added initiatives are critical for the great progress being made on sustainable agriculture production practices to take hold and enhance its important contributions to rural economic and community development.

We support the **WIC Farmers' Market Nutrition Program (FMNP)** which allows WIC participants to purchase fresh fruits and vegetables at local farmers' markets. We endorse full funding of $8 million for FY 95 for this innovative program with a proven track record of providing high quality, locally grown produce to low-income citizens while supporting small family farmers and the regional agricultural economy. We applaud you for increasing FY 94 funding and hope that an additional $2.5 million increase can be made for FY 95 from within the overall increase for WIC.

We also recommend that you provide sufficient funds within the Agricultural Marketing Service (AMS) budget to staff and administer the **national organic certification program.** We support the Administration's request for $500,000 for staff and administrative costs. We also note that modest additional funds may be needed for the accreditation process whereby USDA will certify state and private certifying organizations who will continue to be the entities to certify farmers and ranchers.

Farm Credit

Congress passed landmark **beginning farmer and rancher** credit legislation in 1990 and 1992 for which rules have recently been issued. Getting farmers started in agriculture is a critical issue facing rural communities and programs now exist to better target and manage federal loan assistance to beginning farmers.

In this light, we are encouraged by the Administration's request for an increase of $7 million in **direct farm ownership loan levels**. However, the Administration proposes to cut the credit subsidy levels that control the actual amount of loans available by $1 million. Given rising interest rates, we are very concerned that additional credit subsidy amounts will be necessary to improve funding for the new direct down payment loan program and for other lending targeted to beginning, minority, and limited resource farmers. We urge you to increase the credit subsidy direct ownership account by at least $2 million by transferring that amount from underutilized guaranteed farm ownership credit subsidies. It is important to remember that the loan guarantee program has no beginning farmer down payment loan program and has no proven ability to reach lower-income and beginning farmers.

We oppose the proposed cuts ($50 million in loan levels, $8 million in credit subsidy funds) in **direct operating loan funds**. The proposed cut would have a devastating impact on the ability of lower-income farmers to get financing and would limit the ability of FmHA to reach and assist beginning farmers and ranchers. We urge you to maintain current loan levels by reallocating credit subsidies from underutilized guaranteed operating loans to direct operating loans.

We support the Administration's request for a $2 million increase to $5 million in the **outreach and technical assistance program for socially-disadvantaged farmers**. This program was transferred to the Farmers Home Administration in FY 94. It aims to provide training and technical assistance regarding the use of credit, farm and financial management, and sustainable production systems for minority farmers.

Finally, we oppose the Administration's proposed zeroing out of funds for **state mediation programs** and urge you to at least hold funding steady. We support proposals for USDA reorganization legislation to expand the range of mediation to cover additional USDA farmer programs.

Advisory Committees

We urge you to provide sufficient resources within the Advisory Committee item to adequately fund the **Agricultural Science and Technology Review Board, the National Sustainable Agriculture Advisory Council, and the National Organic Standards Board**, all of which were authorized in the 1990 Farm Bill.

The ASTRB conducts technology assessments to assist USDA in directing its research and extension programs toward fulfilling the research and extension purposes articulated in the 1990 Farm Bill and maximizing their contributions to the public good. The Board is also advising USDA on how to integrate technology assessment into its priority setting and decision making processes. It will need approximately $75,000 for three meetings and staff support for FY 95.

The NSAAC hopes to facilitate coordination and integration of USDA programs related to sustainable agriculture and development. The private sector members of the Council have met only once due to lack of funds, and the public sector members are just about to be named by the Secretary. For FY 95, NSAAC will require approximately $65,000 to hold two major meetings and begin its work with a full complement of members.

The NOSB is projected to make final recommendations on national organic standards this summer and then turn to the important work of developing an accreditation program and reviewing petitions for the national list of production inputs. The Board will require about $50,000 in FY 95 to accomplish its mission.

Conclusion

We welcome this opportunity to share our views and recommendations with you and look forward to working with you as this year's appropriations act takes shape.

Sustainable Agriculture Coalition Recommendations for Fiscal Year 1995
Agricultural Appropriations
(millions $)

Program	Authorized Level	FY 94 Approps	FY 95 Clinton Budget	**FY 95 Our Request**	Change from FY 94	Change from Clinton
SARE	40.0	7.4	8.8	**20.0**	+12.6	+11.2
SATDTP	20.0	3.0	5.0	**8.0**	+5.0	+3.0
RTCDG	50.0	1.5	5.0	**5.0**	+3.5	—
SDA	10.0	3.0	5.0	**5.0**	+2.0	—
ARCDP		3.6	3.0	**3.0**	-0.6	—
FMNP	8.0	5.5	5.5	**8.0**	+2.5	+2.5
OFPA		0.5	0.5	**0.5**	—	—
WQIP	*	18.5	15.0	**30.0**	+11.5	+15.0
WRP	**	66.7	240.9	**240.9**	+174.2	—
WBP		8.0	8.0	**8.0**	—	—

SARE	Sustainable Agriculture Research and Education
SATDTP	Sustainable Agriculture Technology Development and Transfer Program
RTCDG	Rural Technology and Cooperative Development Grants
SDA	Outreach and Technical Assistance for Socially Disadvantaged/Minority Farmers
ARCDP	Agricultural Resource Conservation Demonstration Program ("Farmers for the Future")
FMNP	Farmers Market Nutrition Program (part of WIC program)
OFPA	Organic Foods Production Act
WQIP	Water Quality Incentive Program
WRP	Wetlands Reserve Program
WBP	Water Bank Program

* The Water Quality Initiative Program is currently administered and funded through the Agricultural Conservation Program (ACP). ACP funding for FY 94 is $194.4 million; the Administration's budget request cuts ACP to $100 million. The authorization for WQIP is for "such sums as are necessary" to carry out the program. The 1990 Farm Bill goal was to enroll 10 million acres by 1995.

** The Wetland Reserve Program is authorized to reach not less than 330,000 acres by the end of 1995 and not less than 975,000 acres by the end of 2000. The budget request is sufficient to enroll 300,000 acres; 125,000 acres will be enrolled through FY 94.

Louisiana Boll Weevil Eradication Commission
P. O. Box 159
Gilliam, LA 71029

March 8, 1994

The Honorable Dick Durbin, Chairman
Subcommittee on Agriculture, Rural Development,
Food and Drug Administration and Related Agencies
House Committee on Appropriations
U.S. House of Representatives
2362 Rayburn House Office Building
Washington, DC 20515

Dear Representative Durbin:

On behalf of the Louisiana Boll Weevil Eradication Commission (LBWEC), I would like to submit for the record the following comments regarding our appeal to your subcommittee to approve the item in the USDA, APHIS (Animal and Plant Health Inspection Service) budget for boll weevil eradication. The LBWEC is the certified cotton grower entity established in Louisiana to implement the eradication program of which I serve as chairman.

We believe the boll weevil eradication program is a model example of successful private-public sector partnership. The program has resulted in increased farm income in eradication zones while simultaneously producing environmental benefits. Producers in Louisiana, Arkansas, Tennessee, Missouri, Texas, Oklahoma and parts of Mississippi are anxious to initiate a program, while growers in Georgia and Alabama are well on the way to completing their program. As a producer, I, better than anyone, can testify to the need and value of this eradication program. My colleagues, who produce cotton in eradication zones, can prove a reduction in cost of production in excess of $60 per acre every year. More efficient production will enable all of us to stay in cotton production and compete in the world market.

The increase in the amount asked in the 1995 budget is necessary to continue boll weevil eradication programs already underway in the Southeast and to simultaneously begin new areas in the Mid-South (including Louisiana) and Texas. The $36.2 million to provide USDA's 30 percent share of the cost is essential to make it affordable to growers. Each individual producer is responsible for the remaining 70% of cost.

The boll weevil entered the U.S. from Mexico in 1892. Each year its control results in extensive use of chemicals and causes disruptions in Integrated Pest Management (IPM) programs. Environmental pressures like insect resistance to pesticides, difficulties in complying with regulations to protect endangered species, and industry desires to reduce use of pesticides, have resulted in the industry's plan to speed up efforts to eradicate the boll weevil from the remaining 6 to 8 million acres.

Nothing can do more to meet those challenges than to eradicate the boll weevil. Pesticide use in cotton will be reduced 40 to 90 percent by eliminating this pest, and it cannot happen without the 30 percent contribution of USDA.

The economic benefits of boll weevil eradication are crystal clear. We as growers ask you to help us finish this very successful program.

Sincerely,

Dan P. Logan, Jr.

Dan P. Logan, Jr., Chairman
Louisiana Boll Weevil Eradication Commission

cc: Louisiana Congressional Delegation
Commissioner of Bob Odom

BEFORE THE SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FDA, AND RELATED AGENCIES OF THE HOUSE COMMITTEE ON APPROPRIATIONS

HORTICULTURAL CROPS RESEARCH FACILITY IN PARLIER, CALIFORNIA

•

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Counsel:

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Submitted: April 8, 1994

BEFORE THE SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FDA, AND RELATED AGENCIES OF THE HOUSE COMMITTEE ON APPROPRIATIONS

HORTICULTURAL CROPS RESEARCH FACILITY IN PARLIER, CALIFORNIA

We request that the FY 1995 appropriations bill include $12.2 million for the Agricultural Research Service (ARS) for the construction of a new facility in Parlier, California to replace the existing facility in Fresno, California. We do so in behalf of 42 fresh fruit, vegetable, fiber, dried fruit and nuts and specialty crop industries (Attachment). We believe that this facility provides valuable research that benefits the nation's agriculture as a whole.

In fiscal year 1993 the Congress appropriated $1.27 million to be used by the ARS for three ARS facilities including Parlier. The agency allocated $300,000 for preliminary planning and design work at the Parlier site. In fiscal year 1994 the Congress appropriated an additional $2.63 million to complete final planning and design. A pre-design contract is scheduled to be awarded by the end of this fiscal year.

The U.S. Horticultural Crops and Water Management Research Laboratory requires a new permanent facility of approximately 78,000 gross square feet of research laboratory, office, headhouse/greenhouse, farm center, storage and shop space. Site development, additional land, and specialized equipment are also required. Total cost is $27.6 million.

The following additional funding is required:

Facilities construction	$21,000.00
Equipment relocation/installation	700,000
Construction management/contingency	2,700,000
Total	$24,400,000

On June 26, 1992, ARS completed the acquisition of a 105-acre parcel of land in Parlier, California, for the Horticultural Crops and Water Management Research Laboratory. The purchase price for the site was $1,000,000. It is also requested that, if necessary, language be included in the fiscal year 1995 bill providing authority to sell existing land and facilities and to use the proceeds for the purchase of specialized equipment and further development of the replacement facility at Parlier.

As the field plot portion of the research program at Fresno, California, is shifted to Parlier, the 30 acres currently used for field plots, may become available for disposal. This land was purchased in 1987 from the Sun Maid Growers of California for $800,000. There are no buildings at this site. Proceeds are to be used for land improvement and state-of-the art equipment at Parlier.

The Fresno facility is recognized nationally and internationally for its valuable research. However, if effective research is to continue, new facilities are vitally needed. The original buildings were constructed in the 1920's and are not adequate for state-of-the-art research. Residential and commercial encroachment is also a serious problem. The construction of this facility will allow for the continuation of existing research and significantly improve the capabilities of the ARS to provide even greater benefits to agriculture and therefore the consumer, not only in the western United States, but nationally. It is important that research keep pace with the critical issues facing agriculture, such as production and marketing of commodities; preserving air, water, soil quality; post-harvest quality of crops; and the removal of quarantine barriers. Resolution of these problems is essential if we are to sustain our domestic and export markets.

The scientific staff of the ARS Fresno facility is uniquely qualified to continue and expand research in numerous critical areas. However, in order to do so effectively, there is a need to replace the facilities. Replacement is long overdue and we wish to communicate the critical importance of this need to the future of agriculture.

Thank you for the opportunity to present testimony in support of this vital research facility.

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ATTACHMENT

Facility List

Alfalfa Seed Production Research Board
Dinuba, California 93618

Blue Diamond Growers
Sacramento, California 95812

California Apricot Advisory Board
Walnut Creek, California 94595

California Artichoke Advisory Board
Castroville, California 95012

California Avocado Commission
Santa Ana, California 92705

California Beet Growers Association
Stockton, California 95027

California Canning Peach Association
Lafayette, California 94549

California Cantaloupe Advisory Board
Dinuba, California 93618

California Celery Advisory Board
Dinuba, California 93618

California Citrus Mutual
Visalia, California 93279

California Cling Peach Advisory Board
San Francisco, California 94120

California Cotton Growers Association
Fresno, California 93727

California Cotton Ginners Association
Fresno, California 93727

California Dept. of Food & Agriculture
Sacramento, California 95814

California Dried Fruit Association
Santa Clara, California 95052

California Dry Bean Advisory Board
Dinuba, California 93618

California Fig Advisory Board
Fresno, California 93726

California Fresh Carrot Advisory Board
Dinuba, California 93618

California Fresh Market Tomato Advisory Board
Fresno, California 93727

California Grape & Tree Fruit League
Fresno, California 93710

California Iceberg Lettuce Commission
Monterey, California 93942

California Kiwifruit Commission
Sacramento, California 95815

California Melon Research Board
Dinuba, California 93618

California Pear Growers
Sacramento, California 95825

California Pecan Growers Association
Visalia, California 93277

California Pistachio Commission
Fresno, California 93727

California Planting Cotton Seed Distributor
Bakersfield, California 93302

California Potato Research Advisory Board
Dinuba, California 93618

California Prune Board
Pleasanton, California 94588-2706

fornia Raisin Advisory Board
no, California 93726

Washington State Tree Fruit
Research Commission
White Salmon, Washington 98672

California Strawberry Commission
Watsonville, California 95077

California Table Grape Commission
Fresno, California 93755

California Tomato Research Institute
Livermore, California 94550

California Walnut Commission
Sacramento, California 95815

Citrus Research Board
New Hall, California 91381

Diamond Walnut Growers
Pleasanton, California 94566

Iceberg Lettuce Research Board
Salinas, California 93901

Sun-Maid Raisin Growers
Pleasanton, California 94566

Sun-Sweet Prune Growers
Pleasanton, California 94566

Valley Fig Growers
Pleasanton, California 94566

Winter Pear Control Commission
Portland, Oregon 97205

STATEMENT OF THE CALIFORNIA INDUSTRY AND GOVERNMENT COALITION ON PM-10

SUBMITTED TO THE

APPROPRIATIONS SUBCOMMITTEE ON
AGRICULTURE, RURAL DEVELOPMENT AND RELATED AGENCIES

STATES HOUSE OF REPRESENTATIVES

BY

JAMES D. BOYD - EXECUTIVE OFFICER
CALIFORNIA AIR RESOURCES BOARD

PAULINE LARWOOD - SUPERVISOR
SAN JOAQUIN VALLEY UNIFIED
AIR POLLUTION CONTROL DISTRICT

MANUEL CUNHA, JR. - EXECUTIVE VICE PRESIDENT
NISEI FARMERS LEAGUE

LES CLARK - VICE PRESIDENT
INDEPENDENT OIL PRODUCERS' AGENCY

CATHERINE H. REHEIS - MANAGING COORDINATOR
WESTERN STATES PETROLEUM ASSOCIATION

APRIL 12, 1994

Mr. Chairman and Members of the Subcommittee:

On behalf of the California Industry and Government Coalition on PM-10, we are pleased to submit this statement for the record in support of our fiscal year 1995 funding request of $2 million for the California San Joaquin Valley Region PM-10 Air Quality Study.

The San Joaquin Valley of California and surrounding regions exceed both state and federal clean air standards for small particulate matter, designated PM-10. The 1990 federal Clean Air Act Amendments require these areas to attain federal PM-10 standards by December 31, 2001. Attainment of these standards requires effective and equitable distribution of pollution controls that cannot be determined without a major study of this issue.

According to EPA and the California Air Resources Board, existing research data show that air quality caused by the PM-10 problem has the potential to threaten the health of more than 3 million people living in the region, reduce visibility, and impact negatively on the quality of life. Significantly, agriculture not only stands to lose if this problem is not adequately addressed, it also happens to be only one of the many sources of this form of pollution. Unless the causes, effects and problems associated with PM-10 are better addressed and understood, agriculture will suffer due to production and transportation problems, diminishing natural resources, and increasing costs of fighting a problem that begs for a soundly researched solution.

PM-10 problems stem from a variety of industry and other sources, and they are a significant problem in the agricultural areas that are characteristic of much of California. Typical PM-10 sources in agriculture are dust stirred up by vehicles on unpaved roads, and dirt loosened and carried by wind during cultivation of agricultural land. Soil erosion through wind and other agents also leads to aggravation of PM-10 air pollution problems.

The agricultural portion of the study will be developing specific types of information, tools and techniques needed to develop an inventory and the management practices that will most likely be part of the control strategies. They are: 1) validate method or methods for accurately measuring fugitive PM-10 emission rates from an individual site or operation; 2) a method to easily and quickly estimate PM-10 emissions; 3) an accurate inventory of fugitive PM-10 dust sources by individual farming operations; 4) validated (field tested) best management practices; 5) a clear understanding of significant factors that effect PM-10 emissions; and 6) a workable, validated model or models for predicting PM-10 emission, based on operational parameters.

The primary focus of the short term objectives is on those soils, practices, and conditions, presumed to have the highest PM-10 emissions. Priority for this work will be focused on the following situations, practices, and crops within the study area.

Almond Harvest

Preparation for harvest
Shaking Trees
Windrowing
Picking up nuts
Ambient conditions before and after

Cotton Harvest

Harvesting - 1st and 2nd picking
Shredding of stalks
Stalk incorporation
Ambient conditions before and after

Fall / Spring Land Preparation

Deep tillage
Discing
Land planning
Bed formation
Ambient conditions before and after

Land Leveling

Appropriate practices

The importance of this study on PM-10 is underscored by the need for more information on how the federal Clean Air Act Amendments standards can be met effectively by the agricultural community and other sectors of the business community, as well as by agencies of federal, state and local government whose activities contribute to the problem, and who are subject to the requirements of Title V of the Clean Air Act. There is a void in our current understanding of the amount and impact each source of PM-10 actually contributes to the overall problem. Without a better understanding and more information -- which this study would provide -- agriculture and other sectors will be unable to develop an effective attainment plan and control measures.

Agriculture wants to be a part of the effort to solve this ma or problem, but to do so, we need federal assistance to support research and efforts to deal effectively with what is essentially an unfunded federal mandate.

Agriculture and industry, in concert with the State of California and local governmental entities, are attempting to do our part, and we come to the appropriations process to request assistance in obtaining a fair federal share of financial support for this important research effort. In 1990, our coalition joined forces to undertake a study essential to the development of an effective attainment plan and effective control measures for the San Joaquin Valley of California. This unique cooperative partnership involving state and local government, as well as private industry, has raised more than $2 million to date to fund research and planning for a comprehensive PM-10 air quality study. Our cooperative effort on this issue continues, and private industry and state and local governments have committed to raise $7.7 million over the next four years to fund part of this important study.

To date, this study project has also benefitted from federal funding provided through USDA's and EPA's budgets. In fiscal year 1992, $330,000 was provided through an EPA grant. In fiscal year 1993, $1.4 million was appropriated for the study through EPA's annual appropriation. And, in fiscal year 1994, $1 million was appropriated for PM-10 research through USDA's budget (although half was diverted from the California project to Washington State.)

The following is a list of PM-10 research projects which have been conceived, funded and conducted by the San Joaquin Valley:

- $500,00 Chemical Mass Balance and Source Receptor analysis for one year of PM-10 data funded by Industry/Local, State, and Federal partnership - San Joaquin Valley Air Quality Study (SJVAQS)

- $150,000 Emission Source Characterization Study (SJVAQS)

- $600,000 PM-10 monitoring during ozone episode field study paid for by special contribution from utilities - Atmospheric utility Signatures, Predictions, and Experiments (AUSPEX)

- $70,000 Planning for regional PM-10 studies (SJVAQS/AUSPEX Regional Modeling Adaptation Projects (SARMAP))

- MORE THAN $250,000 for PM-10 Unpaved Roads and Agricultural studies. Conducted by University of California at Davis funded by U.S. EPA Region IX, which additional funds used to pay Midwest Research Institute for subcontracted work.

For fiscal year 1995, our coalition is seeking $2 million in federal funding through the U.S. Department of Agriculture to support the continuation of this vital study in California. We respectfully request that the Appropriations Subcommittee on Agriculture, Rural Development and Related Agencies provide this additional amount in the USDA appropriation for fiscal year 1995, and that report language be included directing the full amount for California.

The San Joaquin Valley PM-10 study will not only provide this vital information for a region identified as having particularly acute PM-10 problems, it will also serve as a model for other agricultural regions of the country that are experiencing similar problems. The results of this study will provide improved methods and tools for air quality monitoring, emission estimations, and effective control strategies nationwide.

The Coalition appreciates the Subcommittee's consideration of this request for a fiscal year 1995 appropriation of $2 million for USDA to support the San Joaquin Valley Region PM-10 Air Quality Study.

STATEMENT

By

JERRY NAGEL
DIRECTOR, RED RIVER TRADE CORRIDOR, INC.

TO

SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT,
FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES
HOUSE APPROPRIATIONS COMMITTEE

In Support Of

AGRI-INDUSTRIES TELECOMMUNICATIONS AND INFORMATION TECHNOLOGY PROJECT

March 31, 1994

SYNOPSIS:

The Red River Trade Corridor proposes an "Agri-Industries Telecommunications and Information Technologies Demonstration Project" that will work directly with agri-related businesses to establish a program of training, networking, and practice in the use of telecommunications and information technologies. This project will provide the businesses with the knowledge and skills necessary to access the marketplace opportunities these technologies offer. The proposed project will have two components. One component will include both training on how to use the technologies and a program of support to ensure that the use of the technologies becomes integral to the business' operations. The second component will be one of monitoring and evaluation to determine the effectiveness of the project, the potential for duplication elsewhere, and the policy implications for rural business use/adoption of the technologies.

BACKGROUND:

The mission of the Red River Trade Corridor project is to contribute to the economic growth of the Red River region for the benefit of all its citizens through a program of regional collaboration that increases economic activity within the region and strengthens the region's competitive position in the global marketplace. A key component will build effective communications and service networks among the region's marketplace sectors. These collaborative networks establish strategies within and across sectors to directly impact their marketplace competitiveness.

Telecommunications and information technologies are increasingly becoming an elemental part of doing business worldwide. Businesses are finding new customers or serving existing customers on buy-sell bulletin boards, negotiating contracts over networks, transferring production data and design information, and solving problems with telecommunications technologies. The use of these technologies is currently concentrated in urban areas, within larger corporations, and at major universities. If rural businesses are to retain or improve any competitive advantage they have or if they are planning to expand into export markets, it is becoming essential for these businesses and the rural regions they are located in to make use of telecommunications and information technologies and the opportunities they offer.

Expanding the use of telecommunications and information technologies into rural businesses requires more than the purchase of a computer and a modem. First, it requires a recognition of the potential and value that these technologies can give to a business. Second, it requires the knowledge of how to efficiently access the services and benefits available. Last, it requires the training and experience necessary to make effective use of the technologies. The proposed "Agri-Industries Telecommunications and Information Technologies Demonstration Project" will work directly with agri-related businesses in a two part program to address the issues of value, effective use, and training related to the use of telecommunications and information technologies in rural businesses.

The primary project component will work with a selected number of rural agri-businesses (such as food processing, machinery manufacturers, marketing and data services, research and development services, and logistics and distribution services) to link them into a limited service network that meets their specific needs. The businesses selected will be recognized as leaders in the region. They will be the kind of business often looked to by their peers for advice and leadership.

The project will include: review of the wide range of agri-business related information and telecommunications services and a "filtering" of the services to determine those with the most use value to Red River region businesses; design of an agri-business "gateway" that serves as an entry point to global and regional networks (such as INTERNET and the services selected through the filtering process); training on how to use the gateway to access and use global business networks, databases, and e-mail connections; establishment of a "help center" for technical and operating information support; and, establishment of an 800 dial-in for access to the gateway and to the support system and help services.

This component will function within the Red River Trade Corridor program. A staff member will be assigned to work specifically on this project. The 800 number will come into the RRTC offices on the University of Minnesota, Crookston campus. This component will work closely with other RRTC staff to integrate it with current USDA funded research, education, networking, and trade development activities in the Trade Corridor. The project will also work closely with trade development programs and telecommunications services currently operated by the USDA, the Dept. of Commerce, AID and other international trade programs. Additionally, the project will have a strong outreach component. This will include updates on the project in the RRTC's newsletter and workshops and conferences on the technologies being used, on issues and problems that have emerged, and sharing of the results/learning that has taken place. RRTC staff will provide the support services necessary to maintain the outreach component.

The second component will be an analysis of the of the project. This will include analysis of any problems, issues or successes related to project start-up, ongoing project operation, needed support services, use value to the business, and long-term funding for a region wide program open to all interested businesses. This research component will include development of language/definitions to measure the use value of the technologies and development of a measuring instrument for testing the value of the technologies. The project will prepare reports on the results of the analysis. The project will also develop educational materials that can be used to transfer the knowledge gained to other businesses in the Red River region and elsewhere.

The project proposes to use full-time staff and student field workers to accomplish its goals. A full-time technology staff member will work directly with the businesses to provide both on-site and workshop based training and serve as a resource to respond to problems. Student field workers experienced in using laptop computers, global communications networks, and international data searches will be placed in each business during a summer to advance the level of usage of the technologies and provide internal support and training. The technology staff person will work with an experienced evaluator to develop testing and evaluation procedures and reports.

The RRTC will also review the policy and funding implications of establishing similar services throughout rural America. This review will help policy makers to understand the issues related to costs of access to and use of global information and telecommunications technologies in rural regions and businesses. This activity will include an analysis as to the real potential for private firms to provide these services in rural regions or whether they will need to be partially or fully subsidized, and the role that universities will or can serve in providing these services.

The projected cost of this project is $400,000. The projected budget includes a full-time technology staff member, at least 30 students working in the on-site summer resource component, establishment of an 800# dial-in help center, a strong outreach and training program, and use of an experienced program evaluator. The project includes minimal support services and administrative costs.

Testimony of

DR. RAY M. BOWEN
Interim President

OKLAHOMA STATE UNIVERSITY

Stillwater, Oklahoma

for the

SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES

of the

COMMITTEE ON APPROPRIATIONS

UNITED STATES HOUSE OF REPRESENTATIVES

April 12, 1994

Mr. Chairman and Members of the Subcommittee:

I am Ray Bowen, Interim President of Oklahoma State University. Thank you for providing me the opportunity to provide testimony to your subcommittee. As you know, Oklahoma State University is a comprehensive land-grant institution committed to excellence in serving the needs of the State, the Nation and the international community.

Oklahoma State University (OSU) first wishes to state its strong support of the agricultural budget recommendations of the National Association of State Universities and Land-Grant Colleges (NASULGC). Officials of OSU and other NASULGC institutions work closely with USDA in developing appropriation recommendations which are both reasonable and consistent with overall national program needs. We request the committee's support of these recommended funding levels for fiscal 1995.

When your Subcommittee marks up the Agriculture, Rural Development, FDA and Related Agencies Appropriations bill for fiscal 1995, I respectfully request that you include funding for the top priority agricultural programs which especially benefit the State of Oklahoma. These programs are vital to the State's agricultural industrial base, as well as to the State's top agricultural research, education and extension initiatives.

Our specific funding requests follow, and are listed in order of priority:

a.	Expanded Wheat Pasture, OK (Research)	$ 337,000
b.	OSU Beef Cattle Environmental Stress Research Facility (Buildings & Facilities)	375,000
c.	Integrated Production Practices for Horticultural Crops, OK (Research)	200,000
d.	Great Plains Policy Analysis Project, OK (Research)	250,000
e.	Preservation and Processing of Selected Fruits and Vegetables, OK (Research)	280,000
f.	OSU Nutritional Sciences Research Laboratory Renovation (Buildings & Facilities)	1,250,000
g.	OSU Grain and Stored Product Research/Teaching/ Extension Center (Buildings & Facilities)	400,000
h.	Panhandle Research and Extension Resources Center, OK (Buildings & Facilities)	2,000,000

An outline of each of these initiatives follows.

a. Expanded Wheat Pasture, OK -- $337,000 (Research)

The Expanded Wheat Pasture project, also known as "Increasing Profitability of the Wheat/Stocker Cattle Enterprise," has an enormous potential for improving the economies of many rural communities in Oklahoma and the southern Great Plains. Income could be increased by improving the technical efficiency of production of the stocker cattle that are grown to heavier weights on wheat pasture prior to being finished in feedlots. Project objectives are being accomplished by improving agronomic practices for growing more wheat forage, developing strategic supplementation strategies for wheat pasture stocker cattle, and developing decision-support microcomputer models.

A first-of-its-kind Wheat Pasture Research Unit in the U.S. has been developed in support of this research. The project is at a pivotal stage with regard to further analysis and summarization of data and development of decision-support microcomputer models, such as the Wheat/Stocker Management Model and the Wheat Grazing Systems Model.

b. OSU Beef Cattle Environmental Stress Research Facility -- $375,000 (Buildings & Facilities)

The requested funds will complete the USDA share of this $1.5 million project, which received $375,000 in fiscal 1994 funding. Half of the project costs will be provided by the beef cattle industry of the state and its allied industries, as well as other non-federal sources.

This project has received a favorable study recommendation from USDA. The funding will provide a state-of-the-art beef cattle research facility to accelerate research on management of environmental and nutritional stress on beef cattle at Oklahoma State University. Much of the stress on beef cattle is the result of transporting animals for long distances in inclement weather. Facilities in which earlier research has been conducted need renovation badly and are located great distances from the OSU campus, thus making daily observation and measurements impossible. Furthermore, available facilities do not meet the design and equipment standards now demanded for research results to be acceptable to FDA and other federal agencies.

OSU has earned an outstanding reputation for development of technology useful in the management of beef cattle under a variety of stress conditions. Research findings to date on the management of stresses in shipped-in cattle (shipping fever) saves Oklahoma cattle producers at least $20 to $30 million annually. Studies on the nutritional stresses on commercial cows has permitted annual savings of $120 million. Adoption of this technology in other states increases these figures by several magnitudes.

c. Integrated Production Practices for Horticultural Crops, OK -- $200,000 (Research)

Funding is requested to continue this important research project, which is developing production systems for horticultural crops by incorporating information obtained through the joint research efforts of soil scientists, horticulturists, entomologists, plant pathologists, and agricultural economists into integrated crop management systems for growers. The research will allow the development of an information base concerning production of high profit horticultural crops in southeastern Oklahoma and the south central United States. Growing conditions in the Southern Plains are conducive to horticultural crop production, yet only a limited data base is available to support production of horticultural crops in the region.

d. Great Plains Policy Analysis Project, OK -- $250,000 (Research)

A combined effort of the ten Great Plains states, the Great Plains Policy Analysis Project (GPPAP), previously known as the "Great Plains Agricultural Policy Center," is led by Oklahoma State University. The purpose of the project is to identify and measure the impacts of Federal agricultural and natural resource policies on the Great Plains region. Several key issues with important implications to the Great Plains will be the focus of project efforts.

The implications for the Great Plains states of two federal policies, conservation compliance and planting flexibility, are of immediate concern to farm and rural economies. Because of the resource base and climate of the Great Plains, the region is extremely sensitive to these policies. Conservation plans, established with little or no economic criteria, were developed for all farms with highly erodible cropland prior to 1990. The GPPAP will work with state and county SCS and ASCS personnel to identify farm plans with potential problems and provide alternatives. Both of these efforts require extensive contact with individual farmers throughout the Great Plains. Surveys will be conducted on both issues in the Great Plains States and also in the Corn Belt states to measure the direct and relative impact of these policies on the Great Plains Region.

e. Preservation and Processing of Selected Fruits and Vegetables, OK -- $280,000 (Research)

Funding is requested to continue this research initiative in Oklahoma. Preservation of quality after harvest is critical to all agricultural commodities, and is of special importance for fresh fruits and vegetables. The overall objective of the research is to define the major limitations for maintaining quality of harvested fruits and vegetables and then prescribe appropriate harvesting and handling protocols (or refinement in handling) to extend shelf life. Research activities have concentrated on specific pre- and post-harvest factors currently limiting quality and shelf life of Oklahoma-grown produce. A systems approach to harvesting and handling operations is being used to develop improved alternative harvesting operations, to integrate specialized crop culture and harvesting operations into new cropping systems, and to complement improved processing technologies with appropriate storage protocols.

f. OSU Nutritional Sciences Research Laboratory Renovation -- $1,250,000 (Buildings & Facilities)

Oklahoma State University desperately needs to renovate its Nutritional Sciences Research Laboratories and related facilities to facilitate the continuation of the University's proud research history in human nutrition research. Matching funds totaling $330,000 have already been obtained for the $2.5 million project, and additional matching funds are being raised. The renovation will include three major human nutrition laboratories: the Nutritional Sciences Laboratory, the Human Assessment Laboratory, and the Trace Mineral Laboratory. The design phase for renovation of the three laboratories has been completed. Construction drawings are in process. Renovation could be completed in three stages, and could be started immediately upon the receipt of funding.

The existing laboratories were built 40 years ago, and safety problems exist due to inadequate air exchange, poor lighting and antiquated work surfaces and floors. The current laboratories are not accessible to persons with handicaps, and cannot be adequately modified without major renovation work. Renovated facilities would allow OSU scientists in human nutrition to advance their research expertise in trace mineral metabolism, the effects of trace minerals on bone physiology, metabolic effects of diabetes, prescription and over-the-counter drug-nutrient interactions and nutrient-hormone interrelationships. This type of analytical research requires modern facilities and equipment with environmental controls that ensures the highest quality research and data analysis.

g. OSU Grain and Stored Product Research/Teaching/Extension Center -- $400,000 (Buildings & Facilities)

Development of the proposed grain storage and processing center will greatly assist the commercial grain industry, value-added grain products manufacturers, and the livestock industry of Oklahoma -- a vital part of the State's economy. This facility is designed to enhance stored grain and bulk product management by permitting the development of improved storage and processing techniques. Technologies designed to minimize pesticide use, develop processing techniques for livestock feed and human food products, and to provide assistance to grain export marketing efforts will enhance Oklahoma's economic development. The proposed facility will include field scale and laboratory grain storage bins for research and education on Oklahoma's high risk grain storage problems, grain and bulk product processing, and value-added opportunities.

Storage and processing technology has lagged behind field production technologies for decades. Oklahoma State University has emerged as a national leader in stored grain management during the past 10 years through the work of a critical mass of researchers and specialists. The proposed facility will provide field scale and laboratory grain storage bins for accelerated research and education on high risk grain storage problems in Oklahoma and the region.

h. Panhandle Research and Extension Resources Center, OK -- $2,000,000 (Buildings & Facilities)

It is proposed that the Panhandle Research and Extension Resource Center be constructed in the Panhandle area of Oklahoma in support of rural economic development in the area through a federal-state-local partnership. These facilities would include laboratories, offices, shop space, and computer systems for research and extension education activities necessary to support regional economic development projects. The facility would be operated by Oklahoma State University in close coordination with state and local entities.

The Oklahoma Panhandle Region generated about 22% of the state's agricultural income in 1990 and contributes to the economic viability of surrounding areas in Kansas, Colorado, New Mexico, and Texas. The area is widely recognized as a national leader in feed grain production and finishing of beef cattle, and other industries, such as swine production and processing, are expanding in the area. Continued development of this economic base through expanded business opportunities would benefit the entire region. Economic sustainability of this vital area depends on continued viability of its agriculture economy which, in turn, depends directly on research and education programs that provide a flow of timely information addressing problems faced by agriculture and allied industries.

Mr. Chairman and members of the Subcommittee, support of these projects, both new and ongoing, will help ensure the availability of state-of-the-art agricultural research, information and education programs for the continued economic development of Oklahoma, the region and the nation.

Thank you for the opportunity to present this testimony to your Subcommittee. Your approval of these funding requests would be greatly appreciated.

g:ag94hac

Society of American Foresters
Professionals advancing forest science, technology, practice, and a conservation ethic to benefit society.

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Lisa B. Stocker
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Canton, MS

Gary G. Youngblood
CFM Area Superintendent
Westvaco Corporation
Appomattox, VA

April 5, 1994

The Honorable Richard S. Durbin, Chairman
Subcommittee on Agriculture, Rural Development
FDA, and Related Agencies
U. S. House of Representatives
2362 RHOB
Washington, DC 20515

Dear Mr. Durbin:

We submit for your consideration the following testimony about certain aspects of the President's proposed 1995 Budget for some of the United States Department of Agriculture programs, and request that our comments and recommendations be made part of the official hearing record of your Subcommittee.

I am the Executive Vice President of the Society of American Foresters (SAF). The Society, 18,000 members strong, is the scientific and educational association representing the forestry profession in the United States, including public and private practitioners, researchers, administrators, educators, and students. Our primary objective is to advance the science, technology, education, and practice of professional forestry for the benefit of society.

The public policy activities of SAF are grounded in scientific knowledge and professional judgement. It is from this perspective that we review proposed forestry and related natural resource programs to determine their adequacy to meet stated objectives and public needs. I am especially pleased to comment on the Department of Agriculture 1995 proposed budget and more specifically on funding for McIntire-Stennis cooperative forestry research, the National Research Initiative that includes competitive grants for forestry research, the Renewable Resources Extension Act, and the Sustainable Natural Resources Management initiative.

In 1990, the National Research Council (NRC) study report, "*Forestry Research: A Mandate for Change*", found that the scientific knowledge and technology needed to address the breadth and complexity of major forest-based issues that face society today is simply not adequate. Critical issues, long in the making and now before the Congress, cry out for science based information. In hindsight, if the research many of these issues have demanded had been funded, the issues might not have become the thorny problem they are today.

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The NRC study recommended that forestry research be strengthened in 5 broad areas, and that research funding be increased as follows:

- increase competitive grants to $100 million annually,
- increase USDA Forest Service research budget by 10 percent each year for the next five years,
- increase McIntire-Stennis funds over the next five years to the full authorization level of 50 percent of the Forest Service research budget, and
- increase RREA to the full authorization level of $15 million.

SAF's current position statement on "*Needed Changes in Forestry Research*" supports the NRC study conclusions and recommendations.

The 101st Congress in the 1990 Farm Bill (PL 101-624) requested that the Department of Agriculture conduct an evaluation of the NRC study. In late January 1992, that evaluation, "*Assessment of Forestry Research: A Mandate for Change*", was transmitted to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition and Forestry of the Senate.

The assessment found that current capabilities in the two priority areas of biology of forest organisms and ecosystem function and management are woefully inadequate. Only a limited amount of current research is focused on the biology of forest organisms. Current research is not providing in-depth knowledge of physiographic and genetic bases of the mechanisms underlying forest health, productivity, and adaptability. An holistic understanding and integration of the biological elements of forests is lacking. In ecosystem function and management only small-scale ecological studies are under way.

The assessment found there is an inadequate scientific foundation to support policy development on regional resource conflicts and that new knowledge is needed concerning the public's interaction with forests. Efforts to understand how people think about and act on forests have been minimal, and yet most controversies and shortages ultimately arise from human activity. Cooperative efforts between natural and social scientists in forestry are few. The assessment also found that current programs do not have the depth and breadth of interdisciplinary and multidisciplinary research recommended by the NRC.

The lack of progress in the increase of funding levels proposed for forestry research and for extension forestry under the Renewable Resource Extension Act are major concerns to SAF. It is difficult to reconcile the funding proposed in the 1995 budget with the needs documented in the recent USDA forestry research assessment report. SAF believes it is imperative that the recommendations of the NRC study be implemented. SAF requests that Congress put the forestry research and extension programs back on the NRC forward-looking budget track.

The President's request of $20.8 million for McIntire-Stennis funding represents no change from the 1994 appropriations, which in fact is a decrease in real dollar value. In addition, the amount budgeted is only 10 percent of the proposed USDA Forest Service forestry research budget, far short of the 50% level recommended by the NRC. These funds provide an effective leveraging scheme by which (for each federal dollar) five to six non-federal dollars are spent. Given the current and rather dismal economic climate within which university-based forestry research is accomplished, it is more important than ever that adequate McIntire-Stennis funds be made available. An appropriate level for FY 1995 to achieve the NRC recommendation would be an appropriation of $40 million, which is equal to 20 percent of the Forest Service research budget request. **SAF suggests that at least $28 million for FY 1995 McIntire-Stennis funding would not be unreasonable.**

In 1989, a National Academy of Sciences study proposed the National Initiative for Research on Agriculture, Food, and Environment, and recommended new funding of $500 million per year. The NRI was adopted as a Presidential initiative in the FY 1991 budget. SAF acknowledges the progress made since then. The President's requests have increased from $100 million in FY 1991 to $150 million in FY 1993, but have since declined to $130 million for FY 1995. While appropriations have not matched these requests, the trend is upward, increasing from $42.6 million in FY 1990 to $112.2 million in FY 1994. SAF is concerned that the rate of increase is not sufficient to achieve the $500 million goal in a reasonable time. SAF **recommends that the NRI be funded at $145 million in FY 1995.**

The NRC forestry research report recommended funding competitive grants for forestry research at $100 million dollars annually. This is 20 percent of the $500 million recommended for the NRI. **Therefore, SAF further recommends that 20 percent of the NRI funds, or $29 million of our recommended $145 million be available for forestry research.**

SAF believes the additional funding should be targeted to priority research areas found most deficient in the assessment report, as follows:

I. Biology of forest organisms: Examples of needed research include molecular genetics of forest plants, molecular markers for monitoring forest health, genetic markers that permit accelerated breeding strategies, genetic mapping of forest trees, cell and tissue culture of forest trees, key factors for enhancement of long-term site productivity, and biotechnological solutions to pest control.

II. Ecosystem function and management: Expanded research is needed to improve knowledge about long-term changes in forest ecosystems associated with natural succession. Research is also needed on long-term changes associated with ecosystem management and mitigation practices, including those affecting habitat interactions and biodiversity. Both basic and applied research are needed to fully understand ecological functions. Existing small scale investigations should be expanded and accelerated in natural (insect, disease, weather) and anthropogenic stresses on forest productivity and health.

Additional funding is needed to support and to sustain integrated, long-term studies of ecosystem dynamics, including the collection of baseline information crucial to understanding the effects of global warming. Some of the overall ecosystem research should be targeted for wilderness areas and could support other areas of wilderness resource inquiry. SAF would also like to see additional funds put into habitat improvement studies that will provide essential information for species recovery activities.

III. Human-forest interactions: Accelerated research in community systems, regional resource systems, recreation and esthetics, and urban forests, is essential to resolving divergent and conflicting demands for use of forestlands. Better understanding of the human community associated with forests is needed to guide forest management and provide perspectives for sustainable forest resource development. Research is needed to further define ecosystem management principles and planning at the landscape and regional level. Recreation and esthetics research should include studies of the natural history of recreational activities, forest recreation at the urban fringe, and wilderness management.

Wilderness research should be expanded to focus on the effects wilderness areas have on rural economies, and how the conditions or characteristics of urban-proximate wilderness areas are affected by air pollution and urban development. Eight out of ten Americans now live, work, and spend most of their leisure time, in and around urban areas. Urban forests are particularly important to those Americans who have limited access to more rural areas, including those who are old, young, disabled, disadvantaged, low income, short on time, as well as members of minority groups. Specific urban forest research needed includes matching tree species to urban sites, controlling tree growth and reducing construction damage.

Not only is more research necessary, but more effective ways to transfer technology and implement research findings are required. Extension forestry is an essential mechanism for technology transfer to natural resource professionals, private woodland owners, policy makers, and the general public. The NRC study found that the present extension forestry infrastructure was inadequate to serve current or future needs. The President's budget does not include funding for the Renewable Resource Extension Act. SAF acknowledges and thanks the Committee for its support and action last year that resulted in funding RREA at $3.3 million in

SAF also supports $6 million for the proposed Sustainable Natural Resources Management Initiative. This forestry extension will help non-industrial owners select forest management options which are both sustainable and productive. The Initiative's communication and outreach component will be directed towards realizing the full benefits of forestry research. The program focus is also consistent with the needs and objectives described in the NRC report. We would hope that over time the program would incorporate features that would help meet global as well as national forest resource needs.

In conclusion, Mr. Chairman, this Committee knows well that the demands on the nation's forestlands for goods and services are increasing rapidly, and will do so even faster in the future. As a consequence, current conflicts will likely escalate, and new ones develop. SAF is convinced that many of these conflicts can be resolved if the nation will devote substantial resources to the research necessary to learn more about forest organisms' biology, forest ecosystem function and management, and human-forest interactions. Our forestland and resource managers must be able to get their hands on good information and utilize it for the public benefit. Responsible science must stand behind decisions about how to improve management of our nation's forestland resources. SAF requests the Subcommittee to support fully the recommendation of the National Research Council study and the assessment report.

This concludes our prepared remarks, Mr. Chairman. Thank you for the opportunity to share our comments with the Subcommittee. SAF would be pleased to respond to any questions the Subcommittee members may wish to direct our way.

Sincerely,

William H. Banzhaf

William H. Banzhaf
Executive Vice President

LWH/WHB/cas

MAR 29 1994

24 March, 1994

The Honorable Richard Durbin
Chairman, Subcommittee on Agriculture Appropriations
2362 Rayburn Building
U.S. House of Representatives
Washington, D. C. 20515

Dear Representative Durbin:

The Natural Resources Defense Council (NRDC) and National Association of State Foresters (NASF) request that the following statement be placed in the record of hearings concerning funding during Fiscal Year 1995 for the United States Department of Agriculture. Our comments concern steps we believe the Animal and Plant Health Inspection Service (APHIS) should take to improve its efforts to prevent introduction of additional exotic or alien pests of native tree species, or to suppress such pests when their introduction is first documented.

The attached report, prepared by NRDC, documents the extensive damage exotic or alien pests have caused to American forests over the course of a century. The American chestnut and American elm have almost been eliminated from our native forests. Cities and homeowners spend millions of dollars annually to try to save the remaining elms gracing our streets, parks, and lawns.

Now rapidly disappearing from significant portions of their range are the flowering dogwood, eastern hemlock, and butternut. The western white pine and Port-Orford-cedar have been decimated.

The European gypsy moth has already caused millions of dollars in damage, particularly to oaks, and altered the species composition of forests from New England to Virginia and into the Midwest. Now a more virulent form of the insect -- which evolved in Asia -- threatens to wreak more havoc in both the East and the West. Already, this insect has reached our shores on ships travelling from Siberia and Europe.

Exotic pests have cost North America $2 billion in lost timber revenues alone. Introduction of pests on logs imported from New Zealand, Chile, Siberia, or other temperate regions may result in timber losses of $58 billion. Millions more have been lost by tourism and recreation industries and by the nursery and Christmas tree trades. Finally, elimination of the chestnut, butternut, dogwood, whitebark pine, and other species from our forests deprives wildlife of vital food supplies.

Despite the magnitude of these losses, the United States Department of Agriculture is currently spending about $30 million per year to maintain harvest levels of species not completely eliminated by alien pests. APHIS' share of this total, in Fiscal Year 1994, is about $11 million. All but about $600,000 of the $11 million is targeted on the gypsy moth. An additional $998,000 in funding is pending approval; nearly all of this would come from APHIS' contingency funds and would again be used to control the gypsy moth. APHIS' expenditures vary considerably from one year to another, depending on the detection of a pest introduction. Thus, while the agency spent $20 million in Fiscal Year 1992 on efforts to eradicate the Asian gypsy moth from ports on the Pacific coast, its expenditures fell to $2.25 million in Fiscal Yyear 1993 (excluding the small proportion of the port inspection program devoted to inspecting imported wood products). This sum does not allow implementation of the comprehensive, coordinated program needed to overcome the threat posed to our forest resources.

The Natural Resources Defense Council and National Association of State Foresters urge the Subcommittee on Agriculture Appropriations to examine APHIS' current and planned efforts to combat introductions of forest pests. Our concerns focus on the following areas:

> 1) Many of the most devastating introduced pests have been fungi or disease pathogens,[1] yet APHIS appears both unwilling and unable to mount an exclusion program aimed at microbes which is as aggressive as that aimed against insects such as the gypsy moth. What resources do APHIS personnel believe they can deploy to curtail new introductions of damaging fungi or disease pathogens? What additional resources would aid APHIS in carrying out this mandate? How can APHIS improve its response to such introductions once they are discovered?
>
> 2) At present, APHIS personnel at the ports are so few in number that they can inspect only a small sample of imports. Such incomplete inspections, even when combined with importers' declarations, allow a dangerous possibility of a pest escaping detection. Has APHIS considered requiring importers of raw wood products and horticultural products to pay a fee to help defray the costs of inspection? New Zealand charges such a fee for wood imports.
>
> 3) At least eight species of pest which have caused devastating impacts on U.S. forest resources[2] were probably introduced on imported nursery stock. APHIS is considering relaxing current controls on planting media used in imports of nursery stock. What steps is APHIS taking to prevent further introductions of insects and fungi damaging to North American trees on nursery stock?
>
> 4) Dutch elm disease was imported on raw wood imports. The European pine shoot beetle was probably imported on dunnage. Imports of both raw logs and wood packing materials are expected to increase in the future. In the case of wood imports, APHIS is relying heavily on importers' self-reporting, rather than phytosanitary inspections by certified employees of the exporting government. Unfortunately, experience in New Zealand is that importers often fail to report wood imports themselves, much less whether the wood has been treated. On what grounds has APHIS chosen the less stringent approach? Will this approach adequately protect U.S. forest resources from additional introduced pests?

---

[1] including chestnut blight, Dutch elm disease, white pine blister rust, butternut canker, dogwood anthracnose, Port-Orford-cedar root disease

[2] larch casebearer, winter moth, beech bark scale, balsam woolly adelgid, chestnut blight, white pine blister rust, Port-Orford-cedar root disease, and dogwood anthracnose

Finally, we have been meeting with other members of Congress concerning the role of the USDA Forest Service in developing and implementing a coherent and coordinated pest-response program.

Yours truly,

Faith Thompson Campbell

Faith Thompson Campbell, Ph.D.
Senior Research Associate
Natural Resources Defense Council

Terri Bates

Terri Bates
Washington Representative
National Association of State Foresters

MICHAEL HORAN
P. O. Box 167
Eagle Nest
New Mexico 87718
U.S.A., EE. UU.

12 April, 1994

Hon. Dale Bumpers
Chairman
Hon. Thad Cochrane
(for the Minority)
U.S. Senate
Subcommittee on
Agriculture, Rural Development
& Related Agencies
SD-140
Washington, D.C. 20510

Dear Sirs:

April-May 1994
USDA APHIS ADC APPROPRIATIONS
HEARINGS

This is to draw to your attention some serious ommissions in the USDA APHIS ADC, **Animal Damage Control Program Final Environmental Impact Statement, April 1994** which legally invalidate the entire EIS:

Vol. 3, Appendix P, Risk Assessments of the **EIS** contains risk assessments, prepared by U.S. EPA and by U.S. FWS for the 39 poisons and gases used by ADC.

For almost all of the poisons and gases, including all of the strychnine products, strychnine soaked Milo and oats, etc., **no Section 7 Endangered Species Act consultation** was made between U.S. EPA and U.S. FWS which provides a biological opinion on the threat of these various poisons and gases to threatened and endangered species.

An example is Appendix P, p. 237 (7). "USFWS did not address potential impacts of strychnine paste baits to the whooping crane. None of the formulated products of strychnine were considered in USEPA's request for Section 7 consultation."

There are **eight** whooping cranes remaining in New Mexico according to James Lewis, whooping coordinator for the U.S. FWS in Albuquerque, NM.

U.S. EPA has an injunction in place against the above ground use of strychnine poisons. Below ground use is permitted. My understanding is that

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the ADC and a group if strychnine manufacturers are trying to oveturn the EPA injunction on strychnine above ground poisons use. Is this the reason why no Section 7 Endangered Species act consulatation were made for any of the strychnine products in the EIS between EPA and FWS. Was it because of lobbyist pressure?

No consultations were made or opinions made for risks to the bald eagle, the kestrel, whooping crane or peregrine falcon.

No opinions were furnished by EPA about risks to the California condor and grizzly bear from M-44 sodium cyanide capsules. (Appendix P, p. 272) "USEPA did not address potential hazards to the California condor or the grizzly bear."

This is despite the fact that ADC successfully killed one of nine California condors remaining in the wild in California with an M-44 cyanide device in Nov. 1983.

My concern is that without the Section 7 Endangered Species Act consultation between EPA andFWS, this means no restrictions or prohibitions will appear on the poisons and gases labels about use in specific threatened and endangered species habitat, e.g.,the bald eagle and whooping crane and all of the strychnine products. Or, aluminum phosphide gas and the endanged New Mexico Ridge nosed rattlesnake.

As no Section 7 consultations were made between EPA and FWS, I am asking your committee to withhold the appropriations to APHIS and to ADC for the purchase of any of these poisons

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USDA APHIS ADC
appropriations
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cont.
p. 2 of 3

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USDA APHIS ADC
appropriations
hearings
cont.
p. 3 of 3

and gases where no Section 7 consultation was made between EPA and FWS and where no biological opinion was made by EPA or FWS in the EIS

I am also asking that you order a moratorium on ADC and APHIS use of these poisons and gases pending completion of the Section 7 consultations between EPA and FWS.

Also, I am suggesting you order an independent review of the risk assessments by the U.S. Congress OTA.

Yours sincerely,

Michael Horan

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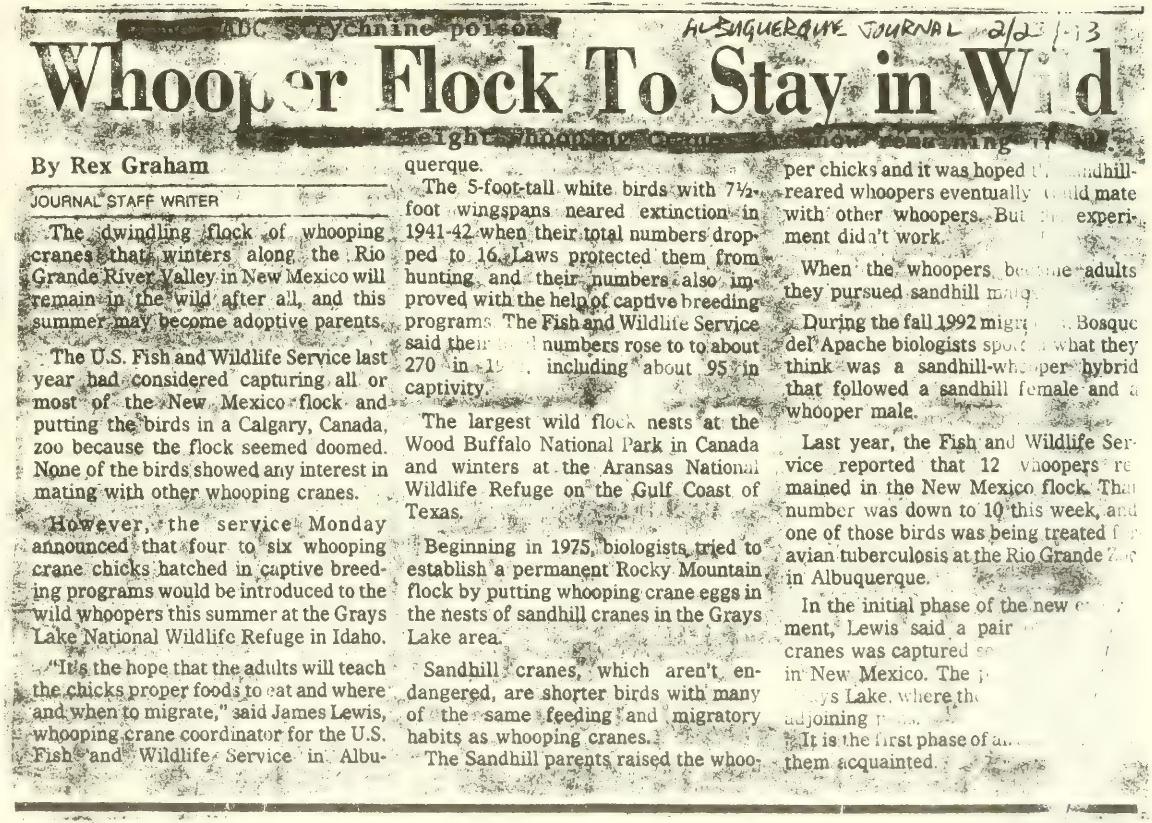

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ALBUQUERQUE JOURNAL 2/23/93

Whooper Flock To Stay in Wild

[redacted]

By Rex Graham

JOURNAL STAFF WRITER

The dwindling flock of whooping cranes that winters along the Rio Grande River Valley in New Mexico will remain in the wild after all, and this summer may become adoptive parents.

The U.S. Fish and Wildlife Service last year had considered capturing all or most of the New Mexico flock and putting the birds in a Calgary, Canada, zoo because the flock seemed doomed. None of the birds showed any interest in mating with other whooping cranes.

However, the service Monday announced that four to six whooping crane chicks hatched in captive breeding programs would be introduced to the wild whoopers this summer at the Grays Lake National Wildlife Refuge in Idaho.

"It's the hope that the adults will teach the chicks proper foods to eat and where and when to migrate," said James Lewis, whooping crane coordinator for the U.S. Fish and Wildlife Service in Albuquerque.

The 5-foot-tall white birds with 7½-foot wingspans neared extinction in 1941-42 when their total numbers dropped to 16. Laws protected them from hunting and their numbers also improved with the help of captive breeding programs. The Fish and Wildlife Service said their [illegible] numbers rose to to about 270 in 1[illegible], including about 95 in captivity.

The largest wild flock nests at the Wood Buffalo National Park in Canada and winters at the Aransas National Wildlife Refuge on the Gulf Coast of Texas.

Beginning in 1975, biologists tried to establish a permanent Rocky Mountain flock by putting whooping crane eggs in the nests of sandhill cranes in the Grays Lake area.

Sandhill cranes, which aren't endangered, are shorter birds with many of the same feeding and migratory habits as whooping cranes.

The Sandhill parents raised the whooper chicks and it was hoped the sandhill-reared whoopers eventually could mate with other whoopers. But the experiment didn't work.

When the whoopers became adults they pursued sandhill mates.

During the fall 1992 migration, Bosque del Apache biologists spotted what they think was a sandhill-whooper hybrid that followed a sandhill female and a whooper male.

Last year, the Fish and Wildlife Service reported that 12 whoopers remained in the New Mexico flock. That number was down to 10 this week, and one of those birds was being treated for avian tuberculosis at the Rio Grande Zoo in Albuquerque.

In the initial phase of the new experiment, Lewis said a pair [illegible] cranes was captured [illegible] in New Mexico. The [illegible] Grays Lake, where th[illegible] adjoining [illegible].

It is the first phase of a[illegible] them acquainted.

JAMESTOWN S'KLALLAM TRIBE

305 Old Blyn Highway, Sequim, WA 98382 206/683-1109 FAX 206/683-4366

Testimony of W. Ron Allen, Chairman and Executive Director of the Jamestown S'Klallam Tribe presented to the Subcommittee on Agriculture, Rural Development, FDA, and Related Agencies of the House Appropriations Committee on the FY95 Appropriations for the U.S. Department of Agriculture

April, 1994

Mr. Chairman and Members of the Committee:

I appear before you today to request your financial assistance in strengthening an important aquaculture enterprise of the Jamestown S'Klallam Tribe, located on the Olympic Peninsula, adjacent to Puget Sound in Washington State. This assistance would not only help the Tribe, but also the local, timber community. The Pacific Northwest Region, including our area, is in the midst of a difficult economic transition. Our planned oyster production enterprise represents a renewable resource based business venture. We request funding support of $387,515 under the special funding for the Rural Development Administration's Economic Development Grant Program which is part of the President's Northwest Economic Adjustment Initiative.

The Business

The JKT Oyster Farm, Inc. is a Tribally owned and operated aquaculture corporation known as Dungeness Oyster House (DOH). The corporation, established in July 1990 as a component of the Tribe's business development plan to achieve economic independence farms oysters in both Sequim and Dungeness Bays on Puget Sound.

The current business assets consist of a total of 102.8 acres of shellfish tidelands, an office on Sequim Bay adjacent to the Tribal administrative center, and a shucking house and retail outlet on Dungeness Bay. The two farm locations are 13 miles apart. On Sequim Bay, the tidelands include acreage located on the Reservation and acreage leased from the Washington State Department of Natural Resources. On Dungeness Bay, the shellfish tidelands are leased from the State and from the Port Angeles Port Authority.

The shucking house and retail outlet were purchased by JKT Oyster Farm, Inc. from a pre-existing oyster business in September 1990. Other assets included in this purchase are the equipment necessary for planting, harvesting, storing, cleaning, and marketing oysters, and a limited amount of shellstock inventory. This business, before we acquired it, had been undercapitalized, had not planted an adequate inventory of oysters, nor replaced aging equipment.

Need for Grant Funds

We request financial assistance to renovate existing facilities, construct additional plant space, and purchase equipment to expand the existing oyster processing plant capabilities. Under Tribal management, we have increased production from 250 gallons of oysters per month in 1991 to 850 gallons of oysters per month in 1993. Further growth, however, is constrained by the inadequate facilities. An additional 110 acres could be farmed if plant improvements are made, bringing the business to a more profitable scale.

The current facilities and operating equipment are old or inadequate and contribute to high operating costs as well as health and safety concerns for the business. Some equipment needs upgrading to meet revised OSHA standards (forklift, dockcrane). In other instances, new equipment and renovations are needed to meet more stringent State and Federal health code requirements regarding shellfish handling (shell washing equipment, refrigerated storage, washable walls in processing area, etc.). Finally, the improvements and equipment would also allow the business to better control variable costs. For instance, recently mandated marine vessel and employee health care insurance coverages are contributing to a significant increase in fixed operating costs.

We have included in our request the purchase of a used dredge to keep the channel to the plant dock open. This channel is used by the business and the public for access to Dungeness Bay and Puget Sound. Currently, the owner of the property, the Port Authority of Port Angeles, contracts for the dredging. We have been approached by the Port to take over the property, at a nominal cost, if we would be willing to undertake the annual dredging. The site is also suitable for other enterprise development such as a seafood restaurant or fishing supply store, which the Tribe could pursue if it obtained the land from the Port. The Tribe would maintain public access to the site as a service to the local community

An important element of the requested funds would be used to upgrade a dock site on Sequim Bay, next to the Tribal Center, which would facilitate access to Sequim Bay. Currently, a boat must travel four hours to reach the Sequim Bay oyster beds. With the renovated Sequim Bay dock, travel time would be reduced to a quarter hour, which would dramatically reduce operational expense.

Detail of Funding Request

Following is the budget justification for our request:

- **Building Improvements $66,906**

  This cost represents an estimate for adding additional floor space to the plant, and for making internal structural modifications to satisfy code requirements (health and safety) and to increase the operating efficiency of the plant.

- **Dock and Related Facilities - Sequim Bay $89,609**

  The cost for the proposed dock and related facilities were developed by a local engineering firm in 1992. The cost includes a dock, a landing pad and access road improvements.

- **Electrical Service Upgrade $10,000**

  The processing plant currently has single phase service which limits the type and efficiency of the equipment that can be installed. This cost would allow upgrade to a type of three-phase service (called V-phase). This cost is only to bring the service to the utility pole. The cost to bring the service into the plant is included under Building Improvements, above.

- **Equipment - Rolling Stock $67,500**

  This represents estimated expenses for acquisition of the following equipment (all used): one forklift - $10,000; one crew cab pickup - $15,000; one flatbed truck - $15,000; one front-end loader - $15,000; and one 2-ton dump truck - $5,000, and one low-boy 8'x45' flatbed truck for dredge - $7,500. The existing equipment, which was acquired with the business, is old and in need of replacement.

- **Equipment - Processing $49,000**

  This amount is for acquisition of the following processing equipment: galvanized picking tubs - $15,000; a shellstock handling system - $30,000; and one pressure washer with compressor - $4,000, all necessary to assist in meeting stringent health code requirements and to increase efficiency.

- **Equipment - Marine** $104,500

  This amount is for acquisition of the following equipment (some used and some new): one skiff - $3,000; one 50 hp outboard motor - $3,500; two skiff trailers - $3,000; one 5-ton dock crane - $20,000; and, one used dredge with piping - $75,000;

TOTAL $387,515

The Jamestown S'Klallam Tribe's request for fiscal year 1995 appropriations support through the Agriculture Department's Rural Development Administration will establish the operational foundation for a self-sustaining oyster aquaculture enterprise. Thank you for your time and consideration of this request for this important economic development opportunity for our Tribe and the local community.

Geisinger.

GEISINGER FOUNDATION
DANVILLE, PENNSYLVANIA

TESTIMONY FOR THE
HOUSE AGRICULTURE APPROPRIATIONS SUBCOMMITTEE
HOUSE APPROPRIATIONS COMMITTEE
U.S. HOUSE OF REPRESENTATIVES

APRIL 15, 1994

Charitable organizations that solicit contributions are required by the Commonwealth of Pennsylvania to provide the following statement: "A copy of the official registration and financial information may be obtained from the Pennsylvania Department of State by calling toll free, within Pennsylvania, 1-800-732-0999. Registration does not imply endorsement."

Geisinger Foundation
Danville, PA 17822
(717) 271-6461

Mr. Chairman and Members of the Subcommittee, thank you for the opportunity to present written testimony on behalf of the Geisinger Foundation. We would like to form a partnership with the Federal government to develop and implement a model telemedicine/telecommunications network to provide health care services to rural, underserved communities.

The Geisinger Medical Center, founded in 1915, is a 577-bed facility in Danville, Pennsylvania that has become the hub of the nation's largest rural health care system. Today, the Geisinger system is now a multi-institutional network serving 31 rural counties and 2.3 million people in central, northcentral and northeastern Pennsylvania. In addition to Geisinger Medical Center, which serves as the region's tertiary referral and Level I Trauma Center, the system includes a 230-bed regional hospital and cancer center in Wilkes-Barre, and 45 physician practice clinics in 38 communities in rural and isolated areas. Geisinger also has the largest rural HMO in the country, the profitable 161,000 member Geisinger Health Plan.

As one of the dozen major clinics in the country and one of only four rural referral tertiary care centers of 500 or more beds, the Geisinger system embodies many of those major characteristics sought by Congress and the Clinton Administration on health care reform. Geisinger has been continually cited as a prototype for health care reform, including the following national endorsements:

- First Lady Hillary Rodham Clinton, Pennsylvania Senators Wofford and Specter, Congressman Paul Kanjorski and other legislators have endorsed Geisinger's group practice/managed care concepts as a national model for health care reform.

- The New York Times featured Geisinger's network of 530 salaried physicians as an innovative and cost-effective managed health care system.

- Arnold Relman, M.D., former editor of The New England Journal of Medicine, refers to the Geisinger system with its HMO as the harbinger of what is going to happen in health care all over the country.

- The National Committee for Quality Health Care offers the Geisinger approach as one of several national models for reforming American health care.

Since the Geisinger system is a nationally-recognized model for an integrated system, a concept that is rapidly gaining favor throughout the country, a successfully implemented telecommunications system here can become a prototype that sets standards for other providers in medically underserved rural areas. Geisinger is already experienced in developing collaborative relationships both within its own diverse and widely dispersed network as well as with non-Geisinger providers in the service region.

Primary among barriers in delivering quality services in rural and isolated areas is the inability to efficiently transmit medical information between health care providers, particularly among rural practitioners and referral centers. This impedes the delivery of coordinated care and adds significantly to costs to patients. We believe that a telemedicine/telecommunications system can address the barriers that, directly and indirectly, reduce efficiency in the delivery of health care in a rural setting.

As envisioned, our telecommunications/telemedicine network will have several areas of emphasis:

- Exploring new models for delivering care in rural, underdeveloped areas by demonstrating how the existence of this information infrastructure can lead to fundamental, cost-efficient changes in the practice of medicine, changes that would not be available without the tools provided by high speed telecommunications.

- Reducing the isolation of physicians and patients in rural areas and expanding opportunities for local communities to have interactive communication capabilities that can be used for numerous activities including ongoing education programs.

- Improving and stabilizing the impact of health care reform on the medical work-force in small, rural and underdeveloped communities by upgrading and converting existing medical facilities to ensure their continued and efficient operation without significant job losses.

Under a managed care structure, health care providers have acknowledged the importance of primary and preventive care to keeping people healthy and out of chronic health care facilities. This focus becomes especially important with the elderly, many of whom experience health care conditions that could be mitigated with proper primary and preventive care. Nutrition plays a fundamental role in many of the chronic health problems that affect older people and impacts their quality of life and ability to function. For older people, being undernourished or poorly nourished often means that they will have to stay in the hospital longer and, when they leave, will face a much greater risk of coming back to the hospital again.

Rural central and northeastern Pennsylvania has one of the largest concentrations of elderly people in the United States. The Geisinger Medical Center, its network of clinics, and its Medicare Risk HMO provide care to a growing number of the elderly patient population in Geisinger's rural service area. To better address the nutritional needs of its geriatric patients, Geisinger Foundation's Department of Gastroenterology and Nutrition has collaborated with Penn State University's Department of Nutrition to form the Geriatric Nutrition Research Alliance. This successful partnership combines Geisinger's clinical nutritional expertise with the academic resources of one of the country's most advanced universities in nutritional research. The aim of the Geriatric Nutrition Research Alliance is to educate health professionals and Pennsylvania's elderly about nutrition. Their research has revealed widespread malnutrition among the elderly people in rural central and northeastern Pennsylvania. The Alliance shows potential for becoming a national model for other geriatric nutrition programs.

A fundamental component of the Geriatric Nutrition Research Alliance is the development of educational strategies aimed at delivering nutrition information and research findings to students, faculty, physicians and allied health professionals as well as elderly patients and populations at large. Information dissemination and nutrition education outreach programs constitute a crucial goal of the Geriatric Nutrition Research Alliance -- preparing students, health educators, patients, and physicians to promote and enhance the quality of life for older persons through proper nutrition awareness, training, and expertise.

In contrast to the urban centers that are usually studied, our population is not transient, and through the Geisinger regional health care system, we are afforded the unique opportunity for longitudinal study. Given their deep and permanent roots to this region's rural areas, these elderly patients are a good, reliable section of the population to study.

The telecommunications/telemedicine network is a vital component in the development of the Geriatric Nutrition Research Alliance. Our network will include a two-way interactive videoconferencing system to enhance nutrition education outreach activities by allowing physicians, faculty, students, and elderly patients to communicate face-to-face without the cost and delay of travel. Telemedicine/telecommunications activities for the Alliance will eventually include:

1. Remote nutrition education outreach programs for free-living and hospitalized elderly patients;

2. Continuing medical education programs in assessment of malnutrition and nutrition intervention in elderly patients for allied health professionals;

3. Nutrition education for students and faculty, including the transmission of courses, lectures, seminars, and medical grand rounds.

The Geriatric Nutrition Research Alliance is currently establishing ties with other rural health care organizations -- including SEDA-COG, our 11 county regional development agency, the Pennsylvania Office of Rural Health, the Pennsylvania Department of Aging, and the Pennsylvania Department of Health -- to foster the development of a regional consortium focused on geriatric nutrition concerns. Thus, the foundation is in place for a collaboration that will culminate in a regional screening network to promote nutritional assessment and care of the rural elderly that also parallels with health care reform.

Central to Geisinger Foundation's development of a telemedicine/telecommunications network is our commitment to providing quality health care services for the rural communities which comprise our managed care system. Indeed, health care, particularly in rural areas, is an indicator not only of economic development but of quality of life. We at Geisinger are committed to providing our rural communities with better access to quality health care services that will improve the overall strength of the region.

Geisinger Foundation is aware of the support that the Agriculture Appropriations Subcommittee has given in the past to provide rural communities access to medical information through advanced telecommunications services and computer networks. We also recognize the Subcommittee's support of the Department of Agriculture's nutrition programs that benefit rural areas, particularly by our nation's elderly population.

Therefore, the Geisinger Foundation is requesting $3 million through the FY 1995 Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Bill to help develop a demonstration telemedicine/telecommunications system under Geisinger's integrated health care plan. This system, successfully implemented and tested, could become a prototype for other providers in medically underserved rural areas.

Thank you for your consideration of our request.

THE COUNCIL

A national partnership for excellence
in agriculture and education.

National Council for Agricultural Education

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PROPOSAL

FROM

THE NATIONAL COUNCIL FOR AGRICULTURAL EDUCATION

TO

"INFUSE AQUACULTURAL EDUCATION INTO THE AGRICULTURAL EDUCATION SYSTEM"

toward

a

TRANSITION

from

Aquaculture

to

Agriscience, Agricultural Biotechnology, Environmental Programs
and Sustainable Agriculture

March 1994

"DEVELOPMENT AND INFUSION OF NATIONAL AQUACULTURE CURRICULUM INTO SECONDARY AGRICULTURAL EDUCATION PROGRAMS IN THE U.S."

THE PRINCIPAL - 1990

The National Council for Agricultural Education, a non-profit educational organization, is a partnership between education and agriculture serving over one-half million students and professionals. It is the umbrella organization for agricultural education providing leadership, stimulating creativity, developing fresh initiatives, creating a climate for renewal and improvement of existing programs, and promoting the development of new programs in agricultural education. The Council has extensive experience in preparing relationships with secondary teachers, teacher educators at the 1862 and 1890 Land Grant Colleges and Universities, other state schools and universities, junior colleges, agriculture research organizations and agribusiness.

PROPOSAL FOR CONSIDERATION

1995 FY Request $500,000

The Council is indeed honored to present this request for continued funding for a program entitled "Infusion of Aquaculture into Agriculture". The program has become a small but vital part of the total USDA appropriation. This program continues to grow annually and after starting with six national centers it is estimated that well over 500 high schools have now incorporated aquaculture into their school curriculum. This is a direct benefit to education because aquaculture programs now provide us with an opportunity to teach applied chemistry, biology, physics, math, and other basic skills with a greater relevance and understanding.

In addition to the educational value, the economic factors involved with the seafood import deficit and the apparent concern of the contaminated product being harvested in the oceans has taken it's toll in the consumption of seafood. This is such a critical factor that some food chains are now conducting double federal inspections on seafood. These factors are currently having a positive outlook for aquaculture as new industries are being developed throughout the country in order to produce fish products in a controlled environment.

The Council firmly believes that the United States Department of Agriculture's belief and support of this program has a direct impact on the changing status for the value added through the partnership of United States Department of Agriculture and United States Department of Education. Therefore, we are requesting $500,000 for the 1995 fiscal year. The following plan of operation for continuation of this positive program is as follows:

-To assess the original nine (9) goals and objectives and assure compliance of those goals.

-To design a national system of implementation for infusing aquaculture into agriculture without total dependence on the use of USDA funds.
-To utilize the knowledge gained from this joint venture with USDA and The Council so that we may cooperatively undertake other educational endeavors that will enhance the value of agricultural education in the future to include agriscience, biotechnology, environment, and sustainable aquaculture.

Synopsis of Activities

In 1990 the USDA allocated $250,000 to a program in conjunction with The National Council on Agriculture Education. In 1991, 1992, 1993, and 1994 the level of funding was increased to $500,000 per year. This appropriation and allocation began in 1987 when leadership in both USDA and USDOE began dialogue pertaining to the enhancement and value of agriculture education in the United States. There was agreement that there should be a closer working relationship between the two governmental agencies. In 1988 the Council, funded by grants from the Appalachian Regional Development Commission and the United States Department of Agriculture (Soil Conservation Service, Cooperative State Research Service, Cooperative Extension Service) conducted a study to assess existing aquaculture curriculum and recommended a program to create new comprehensive instructional materials. In 1990 and 1991 the USDA began funding multi-year projects to develop curriculum and support elements, field test the various curriculum units, and to supply materials on national level. In addition, six schools in the United States were selected as National Aquaculture Learning Centers, each with a different focus.

During 1992, extensive training was provided through a National Outreach and Training program. A recirculating system manual was developed and distributed along with approximately 2000 copies of a 1100 page, five volume, core curriculum and support material document. The 1993 funds were designed to continue activities through the continuation of developing different species modules, support for the six (6) Aquaculture Learning Centers, outreach programs to reach culturally diverse audiences and begin the transition to expand the successful aquaculture programs to incorporate bio-technology and sustainable agriculture.

Fiscal year 1994 funds are earmarked to continue the previous activities begun by the USDA through The Council. Included in this funding phase is continued support for the Learning Centers and the development of a training center. This center will provide agriculture, math and science teachers the opportunity to obtain in depth knowledge about recirculation systems. Also the center will expand the understanding and involvement of math and science through the use of agriculture; thus the beginning of discussion to use aquaculture as the vehicle to provide the transition in the future.

Since the National Training Center for Recirculation Systems is now available to assume a leadership role in the diffusion of the knowledge obtained in aquaculture and providing nationwide outreach and in-service training, it is time for us to consider how to use aquaculture as a base for transition. The basis for using aquaculture as an instrument of change in our educational delivery system has exceeded all expectations. Teachers of English, math, chemistry, biology, physics, and computer science now view agriculture education in a different perspective.

Therefore, during the 1995 Fiscal year we will continue to expand our aquaculture programs and will start the process of transition to use our knowledge in this agricultural endeavor toward the enhancement of:

1. Agriscience as a nucleus for teaching both the biological and physical sciences in all schools. It will reinforce and extend students understanding of science by associating basic scientific principles and concepts with relevant applications in agriculture. It will strongly promote a hands-on approach to teaching and learning in agriculture. Also, it will help the student relate that science is relevant and important and that it affects all areas of the vast food and agriculture system.

2. Biotechnology to become an integral foundation in agricultural education through the use of disease monitoring or assay methodology in combination with modern technology used today. Additionally it will provide a description of the nature and origins of biotechnology and the management for the benefit of plants, animals, and people. Skills will be developed in the areas of genic manipulation of plant tissue, management systems related to biotechnology, or other related biotechnology units.

3. Environmental units of instruction (examples of hydrology, air, climate and soils) must be revised, updated and expanded for the purpose of inclusion in our schools today. Students will be introduced to career opportunities in environmental management, the importance, factors which influence the development of policy, and the effects of management practices on the environment and safety.

4. Sustainable agriculture curriculum changes will occur using the knowledge acquired from the development of all of the materials developed through this national aquaculture program. The development of sustainable agriculture practices is a crucial environmental issue because it is concerned with respect for all life as well as preservation of rural communities and culture. Sustainability - of people, of food production, of the environment - that is really the crux of the issue.

GOALS AND OBJECTIVES

The original goals and objectives of the project are listed and valued in todays agriculture. They are as follows:

(1.) To teach men and women who are interested in agriculture the principles of success in aquaculture.

(2.) To impart scientific principles and a recognition of the importance of properly managing our aquatic resources (environmental science).

(3.) To use aquaculture curriculum as a means to interest students in science (including biology and chemistry), and other relevant subjects such as international relations, water quality/quantity, hydrology, mathematics and business management, particularly marketing and quality control.

(4.) To encourage the integration of a aquaculture in subjects taught by other teachers in the educational system and augment greater cooperation among the individuals.

(5.) To encourage non-traditional students to become involved in agricultural education.

(6.) To inspire secondary students to enter post secondary study in aquaculture thereby providing many of the scientists we need.

(7.) To explore the tremendous potential of aquaculture as alternative crops and livestock in rural communities (rural economic development.)

(8.) To reduce the dependance on foreign imports of fish and fish products.

(9.) To utilize excess U.S. commodities (corn and soybean) for protein conversion.

STATEMENT OF THE INTERNATIONAL APPLE INSTITUTE

REGARDING FISCAL YEAR 1995 APPROPRIATIONS FOR USDA/ARS

BEFORE THE

SUBCOMMITTEE ON AGRICULTURE,
RURAL DEVELOPMENT, FDA, AND RELATED AGENCIES
OF THE HOUSE COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

April 12, 1994

International Apple Institute
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STATEMENT ON BEHALF OF THE
INTERNATIONAL APPLE INSTITUTE
BEFORE THE SUBCOMMITTEE ON AGRICULTURE,
RURAL DEVELOPMENT, FDA, AND RELATED AGENCIES
OF THE HOUSE COMMITTEE ON APPROPRIATIONS
UNITED STATES HOUSE OF REPRESENTATIVES

April 12, 1994

SUMMARY

The International Apple Institute (IAI) respectfully *requests continuation of the $275,000 appropriation plus an additional $300,000 in funding for apple-specific research through the Agricultural Research Service* of the U.S. Department of Agriculture. These funds would be devoted to *developing alternatives to pesticides which would allow the apple industry to reduce its use of chemicals, and to ameliorate postharvest technologies so that the quality of stored apples may be improved.* This would well serve consumers' needs and allow apple packers and processing firms to employ people for longer periods of the year.

Last year, the Committee approved and the Congress appropriated $275,000 for this purpose which has permitted funding of projects in Washington and Pennsylvania that are of value to the apple industry nationally. However, an increase in funding would allow support for an additional activity. The President, in his budget request, highlighted the importance of research for alternatives to pesticides for growers to use. The U.S. apple industry strongly supports this objective.

U.S. apple growers themselves fund nearly $2.0 million in apple research annually, which is expected to more than double in coming years. However the industry firmly believes that funds appropriated by the Congress through USDA/ARS will ensure that the projects are of national significance and that the best scientists are involved.

The International Apple Institute (IAI) is a non-profit national trade association representing all segments of the apple industry. Our membership includes 23 state and regional organizations representing approximately 9,000 producers and over 650 individual firms which handle and market the bulk of the nation's apples.

The apple industry is seeking add-on funding of $575,000 in the fiscal year 1995 appropriations for the Agricultural Research Service, U.S. Department of Agriculture. These funds would be devoted specifically to two goals of extreme value to the country's apple industry and American consumers: the reduction of chemical use and improvement of postharvest technologies. These funds would support a number of research projects in various areas of the country that would be of national benefit. The IAI's Research Committee has studied the research needs of the industry and identified these two categories as most critical.

In our consideration of the industry's research needs, we had identified a long-term goal of allocating an additional $6 million of funding to address these issues. Congress has appropriated $275,000 annually as an initial step toward meeting these vital research needs. The Congress also provided that the ARS would work closely with the IAI in the utilization of these funds. We urge similar language be included in the fiscal year 1995 bill. This will assure that the ARS will use these funds to meet the highest priority needs of the apple industry. We appreciate this commitment and we look forward to working with the Congress to continue to make progress toward meeting these goals.

The apple industry itself supports research through various state organizations and will continue to do so. Approximately $2.0 million of grower funding is available for this purpose and we expect the amount to double over the coming years. However, we believe that additional federal monies provided through ARS are necessary to ensure that certain priority research projects are tackled that will be of benefit on a national basis. The industry, working with ARS in this manner, assures the involvement of the best scientists in a well-coordinated national research effort.

As a result of the appropriations to date, funds have been made available to support the start-up of new research projects in two areas that will be of benefit to apple growers across the country. One, located in Washington state, supports a research project seeking biological controls for fire blight, a disease that is a serious problem in all apple-growing areas. The fire blight disease (*Erwinia amylovora*) is a particularly destructive disease that severely reduces yields and in some cases destroys entire orchards. Highly competitive world apple markets have compelled the U.S. apple industry to adopt more productive dwarfing rootstocks and newer apple varieties. These dwarfing rootstocks are particularly sensitive to fire blight as are the newer apple varieties. This situation has caused considerable concern among apple growers and generated a critical need for greater research on fire blight and its affects on apples. Since the disease was first discovered in 1780, nearly all research efforts on fire blight have been concentrated on pears. Very little is know about fire blight and its effects on apples.

For the past year, the Agricultural Research Service (ARS) research laboratory in Wenatchee has been developing alternative methods to combat the fire blight disease. So far, efforts have been directed at biological agents that reduce the amount of antibiotics used to control the disease and finding integrated methods of managing the disease. The results of the research have been promising. A biotec company is in the final stages of registration of a biological agent developed by the ARS laboratory in Wenatchee. Further research plans call for an Integrated Pest Management system that will reduce the level of antibiotics sprayed on apple orchards and prevent resistance to the antibiotics currently in use.

At the Pennsylvania Tree Fruit Research station research efforts are underway to decrease the level of pesticides used on apples and to improve the overall quality of apples. A diverse range of storage conditions are being used as an alternative to pesticides to control storage scold, a physiological condition affecting the quality of apples.

Apples have a unique place in the American public's diet. Apples consistently rank either number 1 or 2 in terms of consumers' purchases of fresh fruits. They are widely recognized as a nutritious, convenient food, and one that in particular has a high dietary fiber content.

For these reasons and in order to be efficient producers of apples, the industry is concerned about its judicious use of chemicals and about the quality and wholesomeness of the product that is delivered to consumers. These concerns are reflected in our two research priorities.

We have been working ourselves to address these concerns. The apple industry is one of only two commodity groups that has undertaken extensive self-scrutiny with regard to our chemical use. We have conducted two exhaustive surveys of apple growers nationwide to obtain precise pesticide use data. Our goal was to be able to provide actual use data to EPA to assist them in their evaluations of pesticide risk on the basis of actual patterns of use. This is a milestone in fine-tuning the risk assessment process, which is generally based on the assumption that 100 percent of the crop is treated with 100 percent of the legal amount of every pesticide registered for use. Our surveys utilized a statistically-valid and geographically-representative sample of apple growers.

We found that of the primary pesticides registered for use on apples, 67% are used on only 10 percent or less of the crop and 85% are used on a fourth or less of the crop. Pesticide applications to apples are substantially lower and preharvest intervals greater than what EPA has generally assumed.

We also found that 67% of apple growers already employ integrated pest management (IPM), an ecologically-based approach to crop pest control that enables apple growers to minimize chemical use.

But the industry is anxious to continue further along these trends. Growers want to increase utilization of IPM where possible and see chemical use minimized. But we need research desperately to assist us in making these goals obtainable. The projects we are interested in supporting would have applications nationwide, benefit the nation's consumers, allow increased employment in the apple industry, and enhance exports.

Our first goal is to support projects that will result in lessening the use of pesticides in the growing, handling, storing, and processing of apples. Apple trees must be sprayed several times a year for a multitude of disease and insect pests. These chemical costs can amount to 20% of the cost of production. There is a strong need from a production viewpoint to reduce chemical use while retaining fruit quality. While some alternative control approaches are promising, there continue to be 35 or more diseases, insects, and other pests that attack apples. Some promising scientific discoveries show merit as techniques to combat these pests and reduce chemical use. One involves the distribution in the orchard of fibers saturated with sex pheromones (scent) which confuse males seeking females for mating and results in a reduction of the pest. This technology needs to be perfected and investigated as to its applicability to other pests.

There are also promising strides being made in the development of antagonistic bacterial organisms---good bacteria that consume bad bacteria. This research needs to be nurtured as well to enhance the possibilities of non-chemical disease control.

Our second objective is improving technologies that enhance the keepability of apples, to find ways to reduce the use of chemicals for pathogens and maladies in stored fruit, to perfect systems of segregating apples based on internal quality, firmness, and other factors. These improve the wholesomeness of the food supply and the consumers' access to quality, healthful fruit. One potential area of beneficial research is the relation of mineral nutrition, particularly calcium, to product quality and storability. Research areas include the use of antagonistic bacteria to control decay in stored fruit.

Apples are grown commercially in 37 states, with last year's gross returns to growers totalling $1.4 billion. Top producing states include Washington, New York, Michigan, California, Pennsylvania, Virginia, and North Carolina. Considering over 2,500 varieties are grown in the United States alone, apples are clearly an important crop. No other can compete with the image of pure wholesomeness the fruit conveys. Now it is vital that much-needed funds be allocated to ensure apples continue living up to their proud and well-deserved image.

rupri
rural policy research institute
UNIVERSITY OF ARKANSAS • IOWA STATE UNIVERSITY • UNIVERSITY OF MISSOURI • UNIVERSITY OF NEBRASKA

STATEMENT OF THE RURAL POLICY RESEARCH INSTITUTE (RUPRI)

BEFORE
THE SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FDA AND RELATED AGENCIES

OF THE
COMMITTEE ON APPROPRIATIONS

UNITED STATES HOUSE OF REPRESENTATIVES

Presented by Charles W. Fluharty
RUPRI Coordinating Center Director

April 12, 1994

Statement of the Rural Policy Research Institute (RUPRI) Before The Subcommittee on Agriculture, Rural Development, FDA and Related Agencies of the Committee on Appropriations United States House of Representatives

Presented by Charles W. Fluharty
RUPRI Coordinating Center Director

April 12, 1994

Mr. Chairman, Members of the Sub-Committee, I am pleased to submit this testimony on behalf of the Rural Policy Research Institute (RUPRI) and would like to express our appreciation for this opportunity to discuss our efforts to provide an ongoing, research-based decision support service for Congressional Members and staff, regarding the rural impacts of public policy alternatives.

RUPRI is a multi-state, interdisciplinary research consortium, conducting research and facilitating dialogue designed to enhance estimates of the rural impacts of public policy choices. Toward this end, we have developed collaborative working relationships with policy decision makers within Congressional Committees, federal agencies, and state and local governments, as well as public interest groups and associations.

This comprehensive approach to national rural policy analysis involves scientists from member institutions at the University of Arkansas, Iowa State University, the University of Missouri and the University of Nebraska, as well as researchers and policy analysts from other universities and research institutes nationwide. To date, scientists representing 35 universities in 27 states have collaborated on RUPRI projects. Our work is truly interdisciplinary, with ten disciplines currently represented in our rural research program. Since our formation three years ago, ongoing working relationships have been established with over 25 other research institutions, over 25 federal agencies and departments, and numerous state executive, regulatory and legislative policy decision makers.

COMPREHENSIVE POLICY IMPACT MODELING.

In developing this research agenda and research network, RUPRI is seeking to provide an analogous service to rural policy interests that the FAPRI consortium has provided to agricultural constituents and policy makers regarding agricultural policy issues. The quantitative and analytic bases supporting that research has provided a significant decision support tool for the agricultural policy arena.

Unfortunately, both the extant data bases and dedicated scientists doing rural analysis are more limited. Significant data constraints are encountered by any researcher attempting comprehensive rural data analyses. This problem has been ameliorated to a substantial degree by the significant contributions of the Economic Research Service over the years. RUPRI benefits tremendously from an excellent collaborative relationship with ERS researchers, and we urge continuing research support for this critical rural research.

To address this analytic constraint, RUPRI has developed a unique system of econometric models, to estimate the rural economic and social impacts of alternative policy choices. A series of regional models have been developed in cooperation with Regional Economic Models, Inc. (REMI), Amherst, Massachusetts, and a second generation community fiscal and economic impact model has been jointly developed with Dr. Tom Johnson, VPI. Both models are currently in use for policy analysis. A policy indicator model is also under development, with leadership provided by Dr. Abner Womack, Co-Director of FAPRI. These models are intended to provide a quantitative analytic capacity which provides linked understandings of policy impacts, across policy jurisdictions, as well as simulations of the spatial and distributional impacts of policy choices.

POLICY DECISION SUPPORT

RUPPI is committed to bringing the best available science regarding rural impacts to policy decision making. Through a combination of Work Groups, Task Forces, and Expert Panels, we are utilizing the best expertise available within U.S. academic, public, and private institutions, to analyze the rural impacts of policy choices. This uniquely collaborative approach is designed to increase capacity for objective, timely, and accurate response to policy research requests. The RUPRI quantitative models provide the analytic background for these analyses.

In June of this year, RUPRI will release its first Rural Baseline to the Congress. This baseline for U.S. metro/non-metro counties will help assess the social and economic impacts of policy options, across space and time. The RUPRI Regional Model will be used during this same period to provide differential impact analysis of health reform alternatives.

To utilize these analytics and rural research communities most effectively to address policy options, working relationships with Congressional Committee and sub-committee staff become critical. Because rural impacts cross broad sectors and jurisdictions, effective staff relationships have been developed across a wide range of policy arenas. Members and staffs are very interested in learning of and attempting to address rural impacts. Unfortunately, all too often these analyses have been lacking. RUPRI is seeking to assist in overcoming this deficiency.

AN EXAMPLE: NATIONAL HEALTH REFORM

Because effective policy research demands a full appreciation of the changing informational needs and time constraints of policy arena decision makers, our work is centered around working relationships with policy makers and staffs. This interactive approach demands the continuous delivery of objective, non-partisan, and relevant research. Our work on the rural impacts of national health reform is an example of this approach.

In October of last year, the Congressional Rural Caucus and the House Rural Health Care Coalition asked for RUPRI analysis of President Clinton's proposed Health Security Act. To comply with this request in a timely manner, RUPRI assembled a national Expert Panel of distinguished rural health experts. This Expert Panel will remain in place through implementation and evaluation of eventual reform, as a decision support vehicle for Members and staff concerned over rural impacts of reform alternatives. This panel recently completed a thorough analysis of the health delivery system impacts of five major legislative proposals currently introduced, identifying potential areas of concern, and suggesting potential changes, as well as beneficial components within each proposal. This analysis was presented in Congressional briefings within the past two weeks, as well as in Hearing testimony before the House Committee on Agriculture.

A second national Expert Panel is assessing the rural economic and small business impacts of alternative reform proposals. This analysis will be delivered to the Congress in June. Also in June, a RUPRI national survey will be released, detailing attitudes of metropolitan and rural citizens regarding key components of national health reform issues. A fourth RUPRI study is currently underway in Nebraska, examining the differential impacts of proposed health reform on three different rural community health service delivery systems. This study involves considerable empirical/quantitative assessments of proprietary hospital data, and is not expected to be released until early next year.

In all these efforts RUPRI is seeking to assure that the questions assessed and the data developed have relevance to current Congressional policy decision making, and that the rural differential is well understood. This is simply one example of the manner in which RUPRI is responding to a critical policy question effecting rural America.

ORIGINAL POLICY RESEARCH

In addition to the policy-driven programs of work, other RUPRI analysts are working to develop new conceptual and empirical understanding of rural resources and rural well being. RUPRI scientists have also published dozens of research articles, and completed numerous working papers and presentations at scholarly meetings. Our intent is to continue to foster innovative analytic approaches to practical policy questions impacting rural America.

FUTURE RESEARCH DIRECTION

Broad-based analytic capacity and data bases sufficient to task are the critical components of a policy customer-driven research agenda. This is RUPRI's principle long-term challenge, and one with which the rural social science research community has grappled for many years. In an increasingly suburban-dominated policy context, it is more critical than ever that spatial and distributional impacts of policy alternatives be clearly understood before decisions are made. RUPRI is committed to assisting the Congress in this regard, and we sincerely appreciate both the funding support given and the interest shown in our work.

CONCLUSION

In conclusion, let me reiterate my appreciation for this opportunity to discuss the RUPRI research agenda. We look forward to working together with the Congress in the future, to assure that the rural implications of policy choices made in this body are both well understood and sufficiently addressed. We appreciate your continuing committment to this challenge.

March 23, 1994

To: The House Subcommittee on Agriculture,
Rural Development, FDA and Related Industries

Re: Statement for the Written Record, USDA-ARS Closure Hearing

On behalf of the North American Blueberry Council, a non profit association representing blueberry growers throughout the United States and Canada, I wish to issue the following statement for the hearing record regarding an issue of vital importance to our industry.

The President's fiscal year 1995 budget proposal includes an $18.7 million cut in funding from the USDA Agricultural Research Service (ARS) budget. This budget reduction could result in the closure of 18 experiment stations including the New Jersey Agricultural Experiment Station (NJAES) located in Chatsworth, New Jersey. The NJAES, recently named the "National Research Center for Blueberries" plays a vital research role for the blueberry industry.

The domestication of the native North American Blueberry and the growth of the blueberry industry is due in no small part to the fine accomplishments of the USDA-ARS program currently stationed at the New Jersey Agricultural Experiment Station at Chatsworth. Over 80% of the highbush blueberry acreage in the United States and Canada is planted with varieties that have been developed by this program.

The program has assisted the cultivated blueberry industry to reach a production level of nearly 180 million pounds in 1993, up from average production levels of approximately 50 million pounds in the early 1960's. The tremendous growth in production of this high value product indicates that federal funds invested in this program have resulted in a very favorable return on investment.

The NJAES is also providing a vital service in assisting the blueberry industry to adopt environmentally sound cultivation practices. A major objective of the work at the NJAES is to develop the integrated pest management technology necessary to reduce pesticide use in the cultivation of blueberries. The NJAES is currently involved in the development of disease and insect resistance, the development of epidemiology data for integrated pest management disease and insect control, as well as biorational pest control strategies. The number of diseases which effect the blueberry, two of which were only recently recognized, the loss of labeled pesticides, the growing restrictions in pesticide use and the decline in the development of new pesticides all pose a threat to the blueberry industry and point to the need to maintain the NJAES.

The loss of the NJAES would be felt by blueberry growers in 28 states, many of whom are small businessmen operating 20 to 30 acre farms that have been in operation for a number of generations. Closure of the station and a gradual decline in blueberry production would be felt by a great number of communities, given the highly labor intensive nature of blueberry production. A setback to the blueberry business can have a ripple effect throughout a local economy

The New Jersey Agricultural Research Center in Chatsworth is one of the few programs which provide assistance to small businessmen who produce blueberries. The Agricultural Research Service, and the NJAES in particular, effectively illustrate how the Federal government, State government and the private sector can work together to address agricultural issues in a cost effective and efficient manner. I urge you to reconsider any proposed budget reductions which would hinder the continuation of this important service.

Sincerely,

Mark Villata
Executive Director- NABC

Fall Creek Farm & Nursery, Inc.
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Fax (503) 937-3373
(503) 937-2973

March 23, 1994

To: The House Subcommittee on Agriculture,
Rural Development, FDA and Related Industries

Re: Statement for the Written Record, USDA-ARS Closure Hearing

I am writing as an individual blueberry grower and nurseryman, active in the blueberry industry throughout the United States. I wish to issue the following statement for the hearing record regarding an issue of vital importance to our industry.

The President's fiscal year 1995 budget calls for an $18.7 million cut in funding for the USDA Agricultural Research Service (ARS) budget. These reductions include the closure of the New Jersey Experimental Station(NJAES) located in Chatsworth, New Jersey. This station is responsible for blueberry and cranberry research accounting for approximately $500,000 of the total proposed cuts.

To understand the significance of this proposed closure one should be cognizant of the intimate link between the growth of the blueberry industry in America and the USDA blueberry breeding efforts.

Blueberries are known as a uniquely American berry, with recorded usage of wild blueberries by Native Americans long before the arrival of Columbus. In 1908 wild highbush blueberry plants were collected for the first commercial planting in Whitesbog, New Jersey. This marked the beginning of the cultivated blueberry industry in North America. At that time, Dr. F. V. Coville of the USDA launched the pioneering efforts to improve blueberries and develop cultivars that would fuel the growth of the American Blueberry industry. The USDA blueberry breeding program has been an active contributor to the industry through the decades and continues today with the recent release of vital cultivars for our industry.

The North American blueberry industry currently produces nearly 180 million pounds of fruit that is annually consumed domestically and around the world. Over 80% of this production comes from USDA varieties selected by the NJAES or its predecessor. The efforts by the NJAES are relied upon by blueberry growers in 28 states. The small investment by the USDA has returned a huge investment to the United States economy. *This is not a local pork barrel project!*

Propagators and Growers of Fine Blueberry Nursery Stock

The NJAES has developed one of the largest germplasm collections for blueberry breeding in the world. This small station is instrumental to the continuing success of our industry. For example, the Station is working toward the development of cultivars that are pest resistant. This will be of tremendous assistance in developing an integrated pest management systems necessary for the future.

As president of the largest blueberry nursery in North America, I can attest to the past and recent success of the NJAES. An example is the variety Duke, released in 1988 by the USDA, which is currently one of the most sought after commercial varieties in the world.

The New Jersey Agricultural Research Center in Chatsworth is supported in part by the USDA, the State of New Jersey, and private contributions. It is an excellent example of how the private and public sectors can work together in partnership in a cost effective and efficient manner. In relation to the whole budget, the approximate $250,000 that is alotted to blueberries is minuscule. On behalf of blueberry growers throughout the nation I urge you to reconsider any proposed budget reductions that would hinder this important partnership. It is a tremendous value upon which the blueberry industry relies.

Sincerely,

David Brazelton, President

STATE OF CALIFORNIA—THE RESOURCES AGENCY
PETE WILSON, Governor

COLORADO RIVER BOARD OF CALIFORNIA
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March 30, 1994

The Honorable Richard J. Durbin, Chairman
Subcommittee on Rural Development,
Agriculture, and Related Agencies
House Appropriations Committee
2362 Rayburn Building
Washington, D.C. 20515

Dear Chairman Durbin:

FISCAL YEAR 1995 FEDERAL FUNDING
COLORADO RIVER BASIN SALINITY CONTROL
DEPARTMENT OF AGRICULTURE

Your support and leadership are needed in securing adequate Fiscal Year 1995 funding for the Department of Agriculture with respect to the federal/state Colorado River Basin Salinity Control Program. The President has asked the Congress to appropriate $13,404,000 for this program. This is a reduction from the current Fiscal Year 1994 appropriation of $13,780,000. The Fiscal Year 1995 appropriation of funds requested by the President is also not adequate to implement fully the salinity control projects recommended by the Colorado River Basin Salinity Control Forum (Forum). The Forum recommended that a total of $14,800,000 is needed, including $9,400,000 for cost sharing and information/education and $5,400,000 for Soil Conservation Service technical assistance. Those three total amounts are listed and compared in the following table:

	FY 1994	FY 1995	
	Appropriations	Forum's Request	President's Budget
USDA Total	$13,780,000	$14,800,000	$13,404,000

This salinity control program is carried out pursuant to the Colorado River Basin Salinity Control Act and the Clean Water Act. Since the program was authorized by Congress in 1974 and amended in 1984, much has been learned about the impact of salts in the Colorado River System. California's Colorado River water users are presently suffering economic damages estimated at about $800 million per year due to the river's salinity, and those damages are expected to increase significantly by the turn of the century without salinity control.

An adequate Fiscal Year 1995 federal funding level is needed to fund the on-farm salinity control activities contained in the plan of implementation to maintain the river salinity standards adopted by the seven Colorado River Basin states and approved by the Environmental Protection Agency, pursuant to the two federal authorizing Acts. Unlike many other federal programs, the federal/state Colorado River Basin Salinity Control Program provides a significant amount of up-front nonfederal cost sharing. At least 51 percent of Agriculture's on-farm salinity control activities are paid for by the Basin states, and voluntarily by participating farmers. Significant progress has been achieved in controlling river salinity through the active partnership of the Basin states and the federal government. However, failure to adequately fund the scheduled plan of implementation could result in further deterioration of river salinity and future violation of the salinity standards.

At its March 16, 1994 meeting, the Colorado River Board of California, the state agency charged with protecting California's interests and rights in the Colorado River System, formally supported, by unanimous vote, the Fiscal Year 1995 federal funding of $14.8 million as proposed by the Colorado River Basin Salinity Control Forum for Department of Agriculture's Colorado River Basin salinity control activities. The Forum is composed of Governor-appointed representatives from each of the seven Basin states and was formed to cooperatively implement the federal/state basin-wide Colorado River salinity control program.

The Colorado River is, and will continue to be, a major and vital water resource for California. Preservation of its quality through an effective salinity control program will avoid the additional economic damages to river users in California that are expected by the turn of the century without salinity control.

The Board greatly appreciates your past and continued support of the federal/state Colorado River Basin Salinity Control Program and again asks for your assistance and leadership in securing adequate funding for this salinity control program.

Sincerely yours,

Gerald R. Zimmerman

Gerald R. Zimmerman
Executive Director

Colorado River Basin
Salinity Control Forum

Statement of
the
COLORADO RIVER BASIN SALINITY CONTROL FORUM

to the
HOUSE COMMITTEE ON APPROPRIATIONS
SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD & DRUG ADMINISTRATION, AND RELATED AGENCIES

presented by
JACK A. BARNETT, EXECUTIVE DIRECTOR
March 25, 1994

Requesting Appropriations
for the
COLORADO RIVER SALINITY CONTROL PROGRAM

For the Department of Agriculture

FY 95 Appropriation

Colorado River Basin Salinity Control Forum's Recommendation:

Cost Sharing and Information/Education	$ 9,400,000
SCS Technical Assistance	5,400,000
TOTAL	**$14,800,000**

This testimony is in support of funding for the Colorado River Basin salinity control program. The President has asked the Congress to appropriate $13,404,000. This is a reduction from the FY 94 appropriation of $13,780,000. The Colorado River Basin Salinity Control Forum supports the appropriation of funds requested by the President, but further requests that additional moneys be made available bringing the total FY 95 appropriation to $14,800,000.

GOVERNORS

Fife Symington, AZ
Pete Wilson, CA
Roy Romer, CO
Bob Miller, NV
Bruce King, NM
Mike Leavitt, UT
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OVERVIEW

The Colorado River Basin salinity control program was authorized by Congress in 1974. The Title I portion of the Colorado River Basin Salinity Control Act responded to commitments that the United States had made via a treaty with Mexico with respect to the quality of water being delivered to Mexico below Imperial Dam. Title II of the Act established a program to respond to salinity control needs of Colorado River water users in the United States and to comply with the mandates of the newly legislated Clean Water Act. This testimony is in support of funding for the Title II program.

After a decade of investigative effort, the Basin states concluded that the Salinity Control Act needed to be amended. Congress revised the Act in 1984. That revision, while keeping the Secretary of the Interior as lead coordinator for Colorado River Basin salinity control efforts, also gave new salinity control responsibilities to the Department of Agriculture, and to a sister agency of the Bureau of Reclamation—the Bureau of Land Management. Congress has charged the Administration with implementing the most cost-effective (dollars per ton of salt removed) program possible. The Basin states are strongly supportive of that concept, as the Basin states cost share between 25 and 30 percent of these federal expenditures for the salinity control program, while proceeding to implement their own salinity control efforts in the Colorado River system.

Since the congressional mandates nearly two decades ago, much has been learned about the impact of salts in the Colorado River system. The Bureau of Reclamation has recently completed studies on the economic impact of these salts. Reclamation recognizes that the damages to United States' water users alone may soon be approaching $1 billion per year.

The Colorado River Basin Salinity Control Forum (Forum) has become the seven-state coordinating body for interfacing with federal agencies and Congress to support the implementation of a program necessary to control the salinity of the river system. Forum members are appointed by the governors of the seven Colorado River Basin states. In close cooperation with the Environmental Protection Agency (EPA) and under requirements of the Clean Water Act, every three years the Forum prepares a formal report analyzing the salinity of the Colorado River, anticipated future salinity, and the program necessary to keep the salinities at or below the levels measured in the river system in 1972.

In setting water quality standards for the Colorado River system, the salinity levels measured at Imperial, Parker, and Hoover Dams in 1972 have been identified as the numeric criteria. The plan necessary for controlling salinity has been captioned the "plan of implementation." Most recently, the Forum completed its 1993 Review of water quality standards, and the Colorado River Basin states are submitting this report to EPA. Conveyed with this testimony is a copy of the 1993 Review that is provided for your information. The report includes an updated plan of implementation. The level of appropriation requested in this testimony is in keeping with the identified plan in the enclosed report.

The federal agencies associated with the salinity control program annually prepare an analysis of the program, titled the Joint Evaluation Report. This year the federal agencies determined that the same plan of implementation identified by the states was the most appropriate plan for the federal agencies to adopt as they administer their responsibilities for salinity control as directed by the Congress.

JUSTIFICATION

In this testimony, the $14,800,000 requested by the Forum on behalf of the seven Colorado River Basin states is the level of funding necessary to proceed with the Department of Agriculture's portion of the plan of implementation. Agriculture has agreed that this funding level is appropriate if salinity in the Colorado River is to be controlled so as to not exceed the established numeric criteria and threaten the associated water quality standards. In previous fiscal years, $14,800,000 has been appropriated for this program. However, two years ago in the mark-up session of the full Senate Appropriation Committee, funds were taken from this program and added to another USDA conservation program to the degree that only $13,800,000 was appropriated in FY 93.

In FY 94 Congress again appropriated $13,800,000. This reduced level of funding for the past two years has limited the program and has not provided enough funds to either equal the progress in salinity control called for in the plan of implementation, or to equal the cost-sharing opportunities offered by the local irrigators and the seven Colorado River Basin states. The funds requested by the Forum are needed to keep the salt concentrations in the river at levels set forth in the state-adopted and federally approved water quality standards.

DETAILS CONCERNING THE REQUESTED APPROPRIATION

Of the $14,800,000 requested by the Forum, we believe that most of the $9,400,000 identified for "cost-sharing and information/education" should be offered to irrigators for cost-sharing contracts in the five areas where salinity control measures are ongoing. In each of the five areas, farmers are ready and willing to participate in the program. It is important that the program take advantage of the local irrigators' current acceptance and support of the program. The agricultural economy in the Big Sandy area of Wyoming, the Uinta Basin of Utah, and the Grand Valley, Lower Gunnison and McElmo Creek areas of Colorado is currently strong enough to allow local agricultural offices to offer to enter into contracts with farmers that commit the farmers to spend several thousand to several tens of thousands of dollars for water and salt-reducing practices on their farms.

The Forum believes that a portion of the $9,400,000 should be spent on the dissemination of information and the education of irrigators by the Extension Service, so that the participating farmers can be better informed and committed to improve irrigation practices.

The Forum further finds that $5,400,000 is needed by the Soil Conservation Service to give technical assistance to the program and to participating farmers. These efforts include but are not limited to: assisting farmers in developing long-term salinity reduction plans on their farms; conducting surveys and preparing plans for installation and operation of salinity reduction practices, including irrigation water management; conducting monitoring and evaluation studies; coordinating USDA actions with other federal and state agencies; investigating new areas where salinity control measures might be implemented; and providing overall administration.

It should be noted that Congress has charged the administrating agencies to seek the most cost-effective salinity control program. The agencies and the Basin states have spent considerable time and effort in identifying the best plan of implementation. It has been determined that some of the opportunities afforded under the Department of Agriculture's program are considerably more cost-effective than strategies available to the Bureau of Reclamation. Hence, while requesting that funding for the Department of Agriculture program be increased by $1 million from the FY 94 levels, the Basin states are simultaneously requesting that the Bureau of Reclamation appropriations be reduced by over $10 million from the FY 94 level.

Jack A. Barnett
Executive Director

STATEMENT OF
THE STATE OF COLORADO

BEFORE THE
SUBCOMMITTEE ON RURAL DEVELOPMENT, AGRICULTURE AND RELATED AGENCIES
HOUSE APPROPRIATIONS COMMITTEE
ON FY 1995 APPROPRIATIONS FOR
U.S. DEPARTMENT OF AGRICULTURE COLORADO RIVER SALINITY CONTROL PROGRAM PROJECTS

Summary of Requests

Colorado supports the U.S. Department of Agriculture Colorado River Salinity Control Program projects in our state and throughout the River Basin and respectfully requests that Congress appropriate $14,800,000 for this highly effective cost-share program in fiscal year 1995.

Introduction

This statement is submitted by the Honorable Roy Romer, Governor of Colorado; Mr. James Lochhead, Executive Director of the Colorado Department of Natural Resources; and Daries C. Lile, Director of the Colorado Water Conservation Board, which is the state agency charged with the development of Colorado's water resources.

Colorado River Salinity Program Appropriation

The seven states of the Colorado River Basin have endorsed a coordinated, basinwide approach to the reduction of salinity in the Colorado River. The salinity control activities being planned and constructed by the Soil Conservation Service, other branches of the USDA, and the local cost-share participants are an integral component of the overall salinity control program. The Colorado River Basin Salinity Control Forum and Advisory Council, acting on behalf of the seven Basin States has submitted a detailed statement to this subcommittee. The Forum seeks, and Colorado supports, appropriations above the level provided last year.

The activities of USDA have recently become a major focus of efforts to reduce the salinity of the Colorado River. PL98-569, the 1984 Amendments to the Colorado River Basin Salinity Control Act, recognized the importance of irrigation salinity control activities and established specific line item funding for the federal share (49%) of this USDA program. Recent studies demonstrate the significant and cost-effective salt reduction achievable through these activities.

Three of the five current project sites are located in Colorado: Grand Valley, Lower Gunnison, and McElmo Creek. These voluntary programs are oversubscribed by farmers ready, willing, and able to make changes in irrigation practices and pay their fair share (30%) of project costs under the USDA program. Of particular concern to the State is that reduced levels of funding are preventing full realization of potential cost-effective salinity reduction by keeping willing participants on the sidelines. The situation in Colorado is being repeated elsewhere in the Basin.

The Colorado River Basin Salinity Control Advisory Council, established by the Colorado River Basin Salinity Control Act of 1974, consists of members from the seven Basin States, including Colorado. The Advisory Council is charged with making recommendations to the responsible federal agencies on appropriate means of controlling the salinity of the Colorado River. The Council finds that the USDA program needs minimum funding in FY 1995 of $14.8 million to keep pace with the salinity reduction required to meet water quality criteria for the lower Colorado River. The Council appreciated the success of USDA salinity control efforts to date and strongly urged that $14.8 million be appropriated, as the minimal funding required for the program to be successful in maintaining salinity within the federally mandated and state adopted numeric criteria.

The State of Colorado recognizes the extraordinary pressures on Congress and the President to resolve the difficult budget questions facing the nation. However, the USDA salinity program has only recently entered its implementation stage and funding levels limited to earlier appropriation amounts will severely cripple this evolving effort.

Over the past few years USDA field personnel have nurtured this program and created widespread acceptance for it among local irrigators. Due to this planning and educational effort the program is beginning to reach its potential and to make significant contributions to improved Basin water quality. Funding at reduced levels will keep many farmers from participating in a program in which USDA has already invested substantial time and money.

Further, as studies have repeatedly demonstrated, delays in implementation of salinity controls do not merely defer expenditures into future years, but result in the need for a larger, more costly overall program. This is a result of the increased accumulation of salt that enters the system during the period of delay. The State of Colorado therefore urges that the full $14.8 million necessary for USDA salinity control activities be appropriated in FY 1995.

Thank you for your assistance in this important program.

RJD.stm

STATEMENT OF WAYNE E. COOK, EXECUTIVE DIRECTOR
UPPER COLORADO RIVER COMMISSION
to the
SUBCOMMITTEE ON AGRICULTURE, RURAL DEVELOPMENT, FOOD AND
DRUG ADMINISTRATION, AND RELATED AGENCIES
of the
COMMITTEE ON APPROPRIATIONS
United States House of Representatives

March 28, 1994

Summary of Specific Action Requested

Request that funds for the Colorado River Basin Salinity Control Program in the amount of $14,800,000 be appropriated for Fiscal Year 1995 program for the United States Department of Agriculture onfarm Colorado River Basin Salinity Program.

Mr. Chairman, the Upper Colorado River Commission is an interstate compact administrative agency created by the Upper Colorado River Basin Compact of 1948. The member States of the Upper Colorado River Commission are: Colorado, New Mexico, Utah and Wyoming. Since its inception, the Commission has actively participated in the development, utilization and conservation of the water resources of the Colorado River Basin.

The member States of the Upper Colorado River Commission have always given strong support to water resources development and salinity control measures in the Upper Colorado River Basin and are deeply committed to the Colorado River Salinity Control Program. We who are interested in water resources development and salinity control in the Basin appreciate the opportunity to provide testimony before this subcommittee in support of the appropriation of funds to continue the USDA Soil Conservation Service Program of onfarm salinity control. The Commission supports broad-range appropriations to accomplish salinity control programs in both the Department of Interior and the Department of Agriculture. The purpose of these programs is to maintain salinity levels in the Colorado River System within established numeric criteria while the Basin States continue to develop their Compact-apportioned Waters.

Specifically, the Upper Colorado River Commission supports the President's FY 1995 funding request for $13,404,000 for use by the Department of Agriculture for development and implementation of the Soil Conservation Service's onfarm management activities in FY 1995. In addition, the Commission supports the request of the Colorado River Basin Salinity Control Forum for an additional $1,396,000 to be added to the President's budget request, bringing the total request to $14,800,000. These funds are to be used in controlling river salinity in the Colorado River Basin as authorized by PL 98-569.

In Fiscal Year 1992, Congress provided $14,780,000 for work under the Department of Agriculture Colorado River Salinity Control Program. Congress provided $13,800,000 for Fiscal Years 1993 and 1994. Studies by the Department of Agriculture and the Colorado River Basin Salinity Control Forum have shown that this reduced level of funding for the past two years has limited the program and has not provided sufficient funds to keep pace with the progress in salinity control called for in the plan of implementation or to match the cost sharing opportunities offered by local irrigators and the seven Basin States.

There is strong interest and active participation by farmers in the five areas where the program has been initiated. An even stronger commitment by farmers to implement salinity control measures in the future is demonstrated by the large number of pending applications for participation. Irrigators in the Uinta Basin area of Utah, the Big Sandy area of Wyoming and the Grand Valley, McElmo Creek and Lower Gunnison areas of Colorado stand ready to spend several thousand to several tens of thousands of dollars to provide their requested share of the cost of this water quality control program, with benefits being felt throughout the hundreds of miles downstream in the United States and Mexico.

Joint studies, in part required under the Clean Water Act, conducted by several Federal agencies and the seven Colorado River Basin States have determined the amount of salt which must be removed to meet water quality standards. Jointly adopted plans identify the role of various agencies of government to remove the needed amount of salt. The role of the Department of Agriculture is most important, and funding in Fiscal Year 1995 for this program in amounts less than $14,800,000 would greatly increase the probability of water quality numeric criteria associated with the state-adopted and EPA-approved standard not being met.

Should the necessary funding levels in Fiscal Year 1995 and future years not be provided for the Colorado River Salinity Control Program, the probability of water quality numeric criteria being exceeded is greatly increased. Furthermore, less than adequate funding today will unquestionably result in significantly higher future costs to implement the same level of salinity control. The Upper Colorado River Commission urges that due consideration be given to these factors as the Committee recommends the Fiscal Year 1995 funding level for this program.

Further details regarding the specific justification for the salinity program will be presented in the testimony of the Executive Director of the Colorado River Basin Salinity Control Forum as well as by representatives of the Colorado River Basin States.

Mr. Chairman, on behalf of the Upper Colorado River Commission, thank you for providing the Commission an opportunity to present this statement for the Subcommittee's consideration.

STATEMENT OF
COMMISSIONER RICK PERRY
TEXAS DEPARTMENT OF AGRICULTURE
FOR THE
U.S. HOUSE OF REPRESENTATIVES
APPROPRIATIONS SUBCOMMITTEE
ON
AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION AND RELATED AGENCIES

Mr. Chairman and members of the Subcommittee, I appreciate the opportunity to provide you with comments on several important issues facing Texas agriculture. I respectfully request your help in resolving several major concerns I have with USDA's proposed FY95 budget and hope we can work together to find adequate solutions to these concerns.

Imported Fire Ant

Let me first focus on several programs within the Animal and Plant Health Inspection Service (APHIS). Because USDA's proposed FY95 budget calls for a drastic reduction in funding for the Imported Fire Ant (IFA) program, this will effectively end the long-standing relationship between USDA and the states in enforcing the federal fire ant quarantine. I believe this will be a serious error that will hasten the spread of the fire ant into uninfested areas and could hamper the interstate shipment of certain agricultural products, especially nursery stock. USDA has acknowledged that hindering the states' ability to enforce the quarantine will likely lead to a greater spread of the fire ant in the Southern and Western states. I can assure you that my agency does not have the financial resources to fill the funding void if USDA no longer provides funds to enforce the federal quarantine.

I strongly urge the Subcommittee to restore APHIS funding for the Imported Fire Ant program and direct APHIS to maintain funding to the states at FY94 levels. The states have an excellent relationship with APHIS on this program and it needs to be continued.

There is also a growing concern regarding ongoing research efforts to find better control methods for the fire ant or identify a safe and effective eradication method. I would like to suggest that USDA be directed to establish a process to coordinate all fire ant-related research activities within the agency and actively work with universities, state departments of agriculture and private companies to ensure there is continuity and focus in how we address the growing menace presented by the fire ant.

eradicate Orobanche Ramosa (also called Hemp Broomrape) from the United States. It has only been identified in a small geographic area southeast of San Antonio.

However, just a few years away from successfully achieving its goal, APHIS wants to eliminate funding for this program. I hope the Subcommittee will ensure there is adequate funding to continue this program in FY95 and a mandate to APHIS to pursue its efforts to eradicate Orobanche Ramosa. Otherwise, more than $500,000 in federal dollars will have been spent for naught.

Standardization Fees

In the FY94 appropriations bill, Congress directed the Agricultural Marketing Service (AMS) to begin collecting user fees to recover the cost of maintaining the Federal grade standardization program. I do not disagree with the action taken on this issue. However, I am extremely concerned with how AMS has moved forward with its new authority and urge the Subcommittee to ensure that any user fees for standardization are necessary and fully justified

The Texas Department of Agriculture (TDA) is like most state departments of agriculture, in that we administer at the state level the fresh fruit and vegetable inspection program for AMS. Under its new authority provided in the FY94 appropriations bill, AMS wants to increase by 25% its assessment currently charged to Texas. Since the fees collected for the assessments come directly from growers and shippers, AMS' proposed increase will also come from the pockets of agricultural producers and shippers. With this in mind, we need to be diligent in how these fees are spent at the federal level.

I am convinced that when this Subcommittee first authorized AMS to obtain reimbursement for the cost of the grade standardization program, it did not necessarily intend to provide an unchecked ability to raise fees without looking for ways to reduce overall costs of the program. Yes, authority has been provided to recoup costs. But AMS needs to be asked the question of what it has done to identify all the options to responsibly reduce costs of providing standardization services to the industry. Unfortunately, AMS has moved slowly to achieve immediate and permanent cost-savings in the fresh fruit and vegetable standardization program which would in turn save producers hundreds of thousands of dollars.

I am not only concerned with the lack of concerted effort by AMS to reduce costs in the standardization program but also in its shipping point inspection program.

For nearly one year the Association of Fruit and Vegetable Inspection and Standardization Agencies (AFVISA), of which TDA is a member, has encouraged AMS to adopt certain cost-cutting measures that would reduce the overall cost of the fresh fruit and vegetable shipping point and standardization program. This would in turn eliminate most, if not all, of the need to raise the assessment charged to the states for standardization costs. The states are continuing our dialogue with AMS on this matter.

AMS wants to charge one lump-sum assessment to the states to cover the cost of both standardization and the shipping point inspection programs. AFVISA believes it is possible for AMS to find enough cost-cutting measures to maintain the state assessment at current levels or increase it only slightly, even when standardization costs are factored in.

Most of the recommendations AFVISA and I have made to AMS for cost-reductions center on a limited reorganization of the Fresh Products Branch, which is responsible for the fresh fruit and vegetable inspection program. This is done in the spirit of the overall efforts by Secretary Espy to reorganize the entire Department.

I hope the Subcommittee will consider report language that instructs AMS to work with AFVISA to implement specific cost savings measures in the shipping point and standardization program for fresh fruits and vegetables. The states are willing to assume greater responsibilities if AMS will be aggressive in implementing workable and reasonable changes in how this program is organized.

ARS Laboratories

Finally, I want to express my concern with the proposed closing of numerous Agriculture Research Service (ARS) laboratories across the country.

As the chief executive officer of a government agency that has reorganized while working with reduced funding, I know the difficulty of closing offices while trying to provide outstanding service to the taxpayers. The situation with the ARS labs is somewhat similar. My only request is that the Subcommittee ensure that critical research being conducted at the labs is continued at the most appropriate location. As you are well aware, research is a vital component to the future economic viability of our farmers and ranchers and to protecting our soil and water resources. Let's not hinder ARS' ability to contribute to this effort.

I sincerely appreciate the opportunity to discuss some of the more important issues Texas agriculture is concerned with in the FY95 agriculture appropriations bill. This Subcommittee has a great tradition of working on behalf of agriculture and consumers. I hope my requests and recommendations will positively contribute to the decisions you will make over the next few months. I will be pleased to provide any additional information you may need.

DUCKS
UNLIMITED
INC.

NATIONAL HEADQUARTERS

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Testimony of Ducks Unlimited, Inc.
to
Committee on Appropriations
Subcommittee on Agriculture, Rural Development, and Related Agencies
on
FY 1995 Appropriations for the U.S. Department of Agriculture
March 8, 1994

Ducks Unlimited (DU) is the largest wetland habitat conservation organization in North America with more than 530,000 members. Since 1937, DU has raised over $750 million which has been used to help conserve or restore 6.2 million acres of wetlands and associated upland habitats on nearly 11,000 projects located in U.S., Canada and Mexico. In addition, DU has been extensively involved in research projects seeking to find improved ways of restoring natural wetland functions and values on private and public lands.

Agriculture programs administered by the Agricultural Stabilization and Conservation Service (ASCS) and Soil Conservation Service (SCS) affects more than one-quarter of all private land in the U.S. These programs in addition to their broad benefit to farmers and to soil and water conservation have a tremendous influence on wildlife habitats and populations.

Agricultural Stabilization and Conservation Service

During the last two to three decades waterfowl and other wildlife dependent on wetland and grassland habitats on American farmlands have undergone significant population declines of 60 percent. Reductions in habitat have been the root cause for the decline. Some of those habitat reductions have come about due to increasingly intensive agriculture practices. Recently, with the advent of targeted conservation incentive programs such as the Conservation Reserve Program (CRP) and the Wetland Reserve Program (WRP), many of these same populations have reversed their declining trends and a few are showing encouraging improvement.

DU strongly supports continued funding for CRP. During the last three fiscal years ASCS has carried forward an unobligated CRP balance of between $56 and $272 million. Should there be an unobligated balance in FY 1995 available to be carried forward to FY 1996, DU recommends that the Subcommittee consider report language to request that this balance be made available to the ASCS to implement the Environmental Easement Program (EEP) as authorized by the 1990

FACT Act. This program directs the Secretary to acquire easements on CRP lands and wetlands enrolled in the Water Bank Program (WBP). Priority for enrollment in EEP should be given to CRP and WBP lands with contracts that expire in 1995 and 1996.

DU also supports the Administration's request of $240.9 million to enroll 300,000 acres in the WRP in FY 1995. To improve on WRP's effectiveness in targeting the highest priority wetland easements for acquisition, DU recommends report language requesting ASCS to establish as criteria for WRP eligibility the location of potential easement sites within one of the 14 joint venture areas identified in the North American Waterfowl Management Plan (NAWMP). NAWMP is a continental blueprint for restoring populations of migratory waterfowl. Additional priority for WRP enrollment should be given to easement sites located near or adjacent to state or federal wildlife refuges.

The Administration has recommended that cost-share assistance provided by the Agricultural Conservation Program (ACP) be reduced by $93.7 million. DU recommends that any additional funding for ACP above the Administration's budget of $100 million be earmarked for wildlife conservation practices or conversely be used as matching grants to states and/or nonprofit conservation organizations for the purpose of assisting landowners with wildlife conservation practices.

Soil Conservation Service

The Soil Conservation Service (SCS) has responsibility for providing technical assistance to private landowners and for ensuring that taxpayer investments in USDA financial incentive programs address conservation problems on American farmlands as effectively as possible. In addition, under a Memorandum of Agreement (MOA) signed in January 1994, SCS is responsible for making technical wetland determinations on all agricultural lands for all federal wetland programs, including Section 404 of the Clean Water Act.

A complete, technically sound and defensible wetland inventory is needed to resolve controversy on federal wetland regulatory programs. Such a wetland inventory is equally important to identify landowners eligible for voluntary incentive based conservation programs such as WRP. The Administration has requested $15.6 million in new funds to accelerate wetland determinations under Swampbuster provisions of the 1985 and 1990 Farm Act and $28.1 million for technical assistance to meets SCS's obligations under WRP. However, SCS apparently has not requested additional funding to fulfill its responsibilities under the MOA.

DU supports the Administration's funding request for Swampbuster and WRP wetlands determinations, and recommends an additional $15 million to be appropriated for implementation of the MOA. Furthermore, DU recommends that this total appropriation of $58.7 million appear as a separate line item for "wetland surveys" similar to the $75 million line item for "soil surveys."

The Administration has recommended a $242 million reduction in watershed and flood prevention operations. This reduction apparently reflects a shift in the Administration's priorities away from structural measures such as construction of dams, levees and channelization towards nonstructural land treatment approaches such as acquisition of wetland easements.

DU recommends that any additional watershed and flood prevention operations above the Administration's request of $25 million be earmarked for planning assistance associated with implementation of the Emergency Wetland Reserve Program (EWRP) and for acquisition of floodplain easements according the provisions of the 1990 Farm Act.

DU appreciates the opportunity to provide these comments. Any questions about these recommendations may be directed to Eric W. Schenck, Manager of Agricultural Policy at DU's office in Washington, D.C.

STATEMENT
FOR THE RECORD

of

JAMES C. BARR
CHIEF EXECUTIVE OFFICER
NATIONAL MILK PRODUCERS FEDERATION

before the

AGRICULTURE, RURAL DEVELOPMENT, FOOD AND DRUG ADMINISTRATION, AND RELATED AGENCIES
SUBCOMMITTEE ON APPROPRIATIONS

U.S. HOUSE OF REPRESENTATIVES

regarding the

FISCAL YEAR 1995 BUDGET
FOR
AGRICULTURE AND RELATED PROGRAMS

March 25, 1994

Washington, D.C.

The National Milk Producers Federation is pleased to have this opportunity to comment on the budget requests for FY 1995 for the agencies of the U.S. Department of Agriculture.

1. Dairy Export Incentive Program

The Federation strongly supports the Dairy Export Incentive Program and its continued funding through the CCC Purchase Program at the current level. In the last two years, DEIP has strengthened milk prices to producers more than 50 cents per hundredweight, resulting in $750 million in additional farmer income per year. In addition, DEIP benefits taxpayers by reducing CCC purchases and related costs.

2. Agricultural Cooperative Service

As a longtime champion of the Agricultural Cooperative Service, NMPF supports the Department's proposal to fund ACS at the 1994 level. The Federation supports including $450,000 for the payment to states for marketing research on cooperatives. With the passage of NAFTA and a GATT agreement on the horizon, farmers, now more than ever, must rely on their cooperatives to provide price strength and guarantee markets for their products.

The research and technical assistance provided by ACS benefits the entire nation, not just the initial recipients of the assistance. The Federation urges the committee to maintain funding for commercial farmers and their cooperatives which provide the nation with an abundant and safe food supply and to fully fund the Agricultural Cooperative Service without imposing user fees so that it may fulfill its important mission.

3. Women, Infants and Children (WIC)

National Milk Producers Federation strongly supports the child and adult nutrition programs administered by FNS. To this end, NMPF supports the Administration's proposed increase of $353.3 million over current services for WIC which will provide food and nutrition education for an additional 700,000 women, infants and children at nutritional risk.

4. The Emergency Food Assistance Program (TEFAP)

The Administration has proposed eliminating funds for purchasing commodities and reducing administrative funds to $40 million for the Emergency Food Assistance Program. The demand for the TEFAP services has been increasing dramatically in the last few years, with two-thirds of its recipients being families with children. It is estimated that last year's reductions will result in eight million households not being able to receive assistance from TEFAP. NMPF finds this failure to fully fund TEFAP disheartening and opposes any efforts to reduce or eliminate the program.

There are many families eligible for TEFAP commodities who are unable to receive assistance due to the lack of commodities and inadequate administrative funds. The funds for administration include transportation costs. Rural residents in need of assistance are the first to be hurt when administration funds are inadequate. Due to the high cost of transportation, rural distribution sites are frequently dropped from the program.

NMPF urges the Committee to fund TEFAP at its fiscal 1993 level ($120 million for commodity purchase and $45 million for administrative funds.)

5. **Bovine Tuberculosis**

To prevent bovine TB from returning as a major animal disease problem, NMPF requests adequate funding for USDA:

(1) To depopulate known infected herds by increasing indemnity to $950 per animal for reactor animals and $650 for negative exposed dairy cows to approximate more closely current market values;

(2) To develop a comprehensive strategic plan with Mexico that will reduce cattle TB in Mexico and provide necessary technical support to Mexico and APHIS/USDA for screening and monitoring movement of exposed animals into the United States; and

(3) To increase research on the development of a quick, sensitive and economical screening test.

The U.S. Department of Agriculture has been administering a cooperative Federal-State Bovine TB Eradication program since 1917 to eliminate tuberculosis from the nation's cattle population. Due to inadequate funding for the Bovine TB Eradication Program, several large dairy herds remain infected in the El Paso area. At least five states (New York, Pennsylvania, Kansas, Oklahoma, and North Carolina) have lost their Accredited TB-Free status in the past two years due to outbreaks of TB in cattle or cervidae herds.

An industry-agency TB Working Group has proposed a broad-based 5-year national program of research on M. bovis. The proposed research will require $4 million per year for 5 years: $2 million per year in ARS/USDA and $2 million per year as competitive grants in CSRS. This research is urgently needed to improve diagnostic tests for M. bovis in cattle, deer, elk, bison, llama, wild ruminant species and other animals.

Increased funding of $12 million is urgently needed for USDA to depopulate known infected cattle herds to prevent further spread of bovine TB in the U.S. Currently, there are six infected dairy herds in the El Paso milkshed. An outbreak of bovine TB in New York has been traced to 18 cattle herds. The original infection source has been determined to be fallow deer. Other outbreaks have occurred recently in Michigan and Texas.

6. **Brucellosis Eradication**

NMPF urges the Committee to maintain funding to depopulate as many herds as necessary in the Class A states. The last vestiges of the disease are by far the most difficult to eradicate and oversight of USDA activities are critical at this juncture of the eradication effort. Continued funding is essential to see current accelerated efforts reach a successful conclusion.

The United States dairy industry is in the last phase of a long and costly eradication effort and USDA continues to make significant progress to reduce the number of known Brucellosis-infected herds. Herds quarantined because of Brucellosis declined from 380 on January 31, 1993 to 240 on January 31, 1994. However, the states of Missouri, Arkansas, Oklahoma, Kansas, Mississippi, Florida, Texas and Louisiana have significant numbers of infected herds. Unless funding is maintained for the accelerated eradication efforts in these states, herds in adjoining states run the risk of reinfection.

Representative Richard Durbin (D-Ill.)
Chairman-Agriculture,rural development
and related agencies subcommittee of
Appropriations
2362-A Rayburn Office Bldg.

TESTIMONY SUBMITTED ON RESTORING CUTS TO SEC. 416 SURPLUS COMMODITIES FOR USE IN DOMESTIC FOOD BANKS AND INTERNATIONAL RELIEF AND DEVELOPMENT

BILL SHICKLER
MEMBER-RESULTS-THE CITIZENS' ANTI-HUNGER LOBBY AND FOUNDER OF MEDIA WATCH ON HUNGER AND POVERTY

Mr. Chairman,

I welcome this opportunity to bring to the attention of the subcommittee the extreme **importance** of the surplus commodity Sec. 416 part of the Agriculture Act of 1949. But first, just a bit of information on RESULTS and Media Watch on Hunger.

RESULTS is a 501 c(4) non-profit **non-tax-exempt** lobbying organization dedicated to creating the political will to end hunger. I stress the point of RESULTS non-tax-exempt status because it is the critical factor that enables us to acheive results. Our primary work is done by our 105 groups in the U.S. and in nine other countries, by writing letters to newspapers, appearing on radio and television programs, meeting with our Representatives, and holding special events, such as vigils, press conferences, dinners, and public meetings. I include for the record a piece done on RESULTS that appeared in PARADE magazine, which is circulated through other newspapers to a readership of 34 million people.

Some of RESULTS successes include working with UNICEF to increase world immunization coverage for children from 20% in 1980 to 80% in 1991. During this period we successfully lobbied to have the US contribution to UNICEF increased from former-President Reagan's 0$ allocation in 1984, to over $100 million in 1990. We were a principal force in coordinating events in 35,000 cities and villages worldwide, culminating in the World Summit for Children , held at the United Nations in 1990. This meeting of 75 heads of State, was the largest single gathering of heads of state **ever held in history!** The goals for ending the deaths of over 35,000 children **per day**, were agreed upon, and RESULTS moved forward from that watershed event, to promotion of the World

Summit for Children Implementation Act, which still incorporates the funding goals for Child Survival activities, basic education, micronutrtion, and safe water that are the committments that the United States made at the World Summit for Children. Mr. Chairman, given your concern reflected in the now-deceased Select Committee on Children, Youth and Families, I'm sure you will appreciate the accomplishments RESULTS has had in reducing child hunger, through it's work on increasing WIC, HEAD START , and The McKinney Emergency Aid to the Homeless Act. Time requires that I limit this list at this point.

Media Watch on Hunger is an outgrowth of media work done particularly prior to, and during the Somali famine. Presently Media Watch on Hunger and Poverty is a public access television production focusing on issues of hunger, the lack of coverage by the media, and public policy response.

Mr. Chairman, the critical nature of Sec. 416 surplus commodities cannot be overstated. I include for you information from the Office of Foreign Disaster Assistance from August 1992, when 125,000 metric tons of Sec. 416 surplus corn had to be drawn **from the upcoming fiscal year!!** This chaotic state of affairs came about as a result of the funding for Sec. 416 commodities running dry in mid-July. This affected domestic food banks as well as international relief activities. Since the US does not maintain a stategic food reserve, as we used to do with petroleum, we have used Sec. 416 as a source for emergencies that engulf our Food For Peace allocations. The so-called market reforms that have taken place that reduce food production, also would have been catastrophic, had we not had the good luck of having corn surpluses the last two years. Sec. 416 surpluses are desperately needed worldwide for World Food Program activities. Because the West was trying to make the world safe for capitalism, we shipped a huge amount of commodities to the former Soviet Union. The World Food Program shipped a record **14 million metric tons** in 1993, close to double it's normal activity. Unfortunately, areas such as Sub-Saharan Africa, which then **and now** are suffering from drought, war and famine, were left in the lurch. OFDA estimates **this year** in Sudan are of a need to import over 400,000 metric tons of cereals. The crop failure in sourghum and rice are catastrophic. The civil war in Sudan has produced over 100,000 refugees fleeing fighting **in just the past 3 weeks** according to ACROSS, an ngo operating in Southern Sudan. The World Food Program issued an emergency appeal for $14 million for an emergency airlift to victims of this latest out break.

The demands to be made on World Food Program are definitely going to increase. I have included in my testimony an article written by Farouk El-Baz , a former UN Undersecretary at the UN Environmental Program, which appeared in the Washington Post. Mr. El-Baz, a geologist by training, presents the geological case , that the Sahara desert is undergoing a cyclical process, in which it migrates southward, up to 500 miles and then stays for several hundred years, afterwhich it then recedes to it's former boundaries. This migration, which occurs every 25,000 years or so, appears to have begun again, during the middle part of this century. The climatic and long-term water implications of this migration, not just to desert lands, but to grasslands and other arable lands, are profound. This is another reason for taking the long view in determing the needs for World Food Program resources in the near-term and the long term.

To be sure, the US does not bear sole responsibility for the World Food Program. RESULTS has recognized this fact, and during the last several years, had it's members in RESULTS groups in Japan, Germany, UK, Australia, and Canada , all work to increase their countries committments to the World Food Program. However, the priorities of the US vis a vis resource committments within WFP, indicate that we seem to be more concerned about expanding capitalism,**than about saving lives, and preventing further food disasters.**

Just as the **FOOD FOR PEACE** program was not meant to be an advertising fund for agribusiness, we also believe that the World Food Program is not intended to be a wedge to establish agribusiness dominance in Russia.

Testimony has been given on the importance of Sec. 416 commodities for The Emergency Food Assistance Program (TEFAP). The present Administration has **shamefully** called for a 58,229,535 pound reduction in Commodity Supplemental Food (CSFP), and actually had the **shameless audacity to provide $0- yes that is correct-**$0 for commodities for TEFAP. In the consequent uproar, the cowards that tried this retreated back to a still-untenable funding level of $81 million. We support the $220 million level from fiscal 1993, even though ever-increasing demands are being made on this capacity.When **26 MILLION AMERICANS RELY ON FOOD FROM FOOD BANKS** then it is obvious that surplus commodities have to be provided, at an even higher level. I sincerely hope that the short amount of time allowed by this committee to the domestic part of this problem, is not a reflection of **lack of concern** which might be drawn from looking at the empty chamber, empty committee- member chairs, and late evening testimony time allocated to the domestic testimony on surplus commodities.

Mr. Chairman,

Much mention of cuts in the budget have been made during these hearings, as well as other hearings all over Capitol Hill. Mandated cuts have been cited with wringing hands, as the over-arching backdrop for funding decisions here in Congress, decisions which all too often **are balancing the budget on-the-backs-of-the-poor** decisions. This is not a new phenomenon, and the public, grass-roots response to this type of class warfare, is a new, ever-growing, and media-wise campaign that will restore sanity to the priorities of our country. Please make no mistake, Mr. Chairman, that the anti-hunger movement will continue until the last second of this fiscal year, the next fiscal year, and all following fiscal years, to realign the priorities of this country to reflect the **true** needs of our people.

There is **no question** in the minds of many people, that the priorities the S&L industry became the priorities of the Congress in the past. I submit for insertion in the record , a Washington Post story on projections by the Resolution Trust Corp., on their estimates for closing costs to end the S&L clean-up. Please note that Treasury Dept. officials had reported only **10 days earlier**, that costs would range between $110 to $130 **Billion**, instead of the $30 to $40 **Billion** projected by Resolution Trust. Add to this chaos, the fact that the heads of many failed institutions are now showing up in the new, supposedly stable institutions, and we get a clearer idea of how the public has been made to bankroll the **continuing** monopolization of financial power in the US. Clearer still, is the **fact the the largest single contributing institution to PACs in the US, is the American Banking Association!**

In the past, the S&L crisis was portrayed by the media-elite, as an EGO (eyes-glaze-over) type issue for the American public. Perhaps one of the fall-outs of the present Whitewater affair, is that talk-shows and other mainstream media, have brought to the attention of the mass of the American public, the skewering of priorities of the budget, due to the inordinate influence of PAC money, particularly PAC money coming from S&L industry sources.

Mr. Chairman, aside from the damage done to the budget from these financial oligarchs, the twisting of budget priorities are also a left-over from the S&L debacle. One obvious answer to the deficit dilemma, would be to demand from the institutions benefiting from interest payments on the national debt, to be forced to renegotiate interest rates on the debt, as a way of repaying US government rescue of the entire S&L industry. Just as we would not blindly give arms to Iranian hostage-takers unless some assurance was given as to a quid pro quo if we gave them arms, we should not blindly collapse into the demands of an industry that we recently bailed out. The prominence of Banking industry political campaign contributions is now receiving ever-widening exposure, and the poltical cost of proping up this aspiring oligarchy is also increasing.

Mr. Chairman, again on the subject of where funding will come from for increasing Sec. 416 funding, I would draw your attention to the following. Since the "defense" build-up of the Reagan era, spending on defense increased in real terms, after adjusting for inflation, somewhere on the order of 4% per year. Some of the areas where this funding was drawn from, was in housing. Funding for HUD during the Carter years hovered in the $80 billion range. After Draconian cuts, the funding levels hover in the mid $20 billion range. However, we are told now that the Cold War is over. Our No. 1. security threat has been largely diminished. However, defense funding has still continued at Cold War levels. I direct your attention to Table 2 of my deposition. This information is compiled from the Center for Defense Information. The Center, established by Retired Rear Admiral Gene R. La Rocque, produces a television program, "America's Defense Monitor", which appears nationally on t Public Television System. You see a summary break-down of funding for Defense spending, with a bottom line of $212 **Billion**. I think that it has been brought out in public before, that the US currently spends more on Defense, than all other countries COMBINED!!

Mr. Chairman, I would ask the subcommittee to recall the 60 Minutes program on drug shipments made to this country **BY THE CENTRAL INTELLIGENCE AGENCY, ON THE ORDER OF HUNDREDS OF MILLION OF DOLLARS!!!** Clearly, the military intelligence budget is in **EXTREME NEED** of an overhaul, to clear out corruption and mismanagement.The public is now on track on this one, and the die is cast.

Clearly, Mr. Chairman, it is difficult to cut defense jobs. As many have been reluctant to admit, the Defense budget is in part a jobs bill, pure and simple. Representative Arlan Spector's appearance before the Supreme Court, on shipyard closings done by commission, is clear evidence of this situation. In our specific situation, increased funding for surplus commodities does provide jobs, in the agricultural sector. These are also jobs that can be spread nationally, as our production occurs in virtually every state. Further, the training to place people in agriculture is no where as rigorous as high-tech training would be.

In summation, Mr. Chairman, we strongly urge the Subcommittee to reject the $187 million cuts to the PL 480 program that involve surplus commodities, to restore funding levels for surplus commodities to 1993 levels, and that you act to restore TEFAP levels to the 1993 level of $220 million. Regardless of action taken by this committee, Mr. Chairman, the anti-hunger movement continues to grow in this country and throughout the world. We ask you to join us. When President Kennedy issued his challenge to the American people to reach the moon by the end of the decade, he also issued a second, and more profound challenge. He called upon the American people to eliminate hunger from the face of the Earth by the end of this century. We accept this challenge, and call upon every member of your committee to do the same. Thank you.

STATEMENT IN SUPPORT
OF RENEWED FUNDING
OF STATE AGRICULTURE LOAN MEDIATION PROGRAM

As a practicing litigation attorney for over 15 years, I have personally observed the expense, delay and frustration that accompanies the normal litigation process. In many instances, I have seen that the cost of litigation exceeds the amount at issue.

I have also observed the merit of settlement conferences and mediation sessions, particularly when presided over by a neutral third party who can assist the parties in reaching a mutually agreeable resolution.

The Agriculture Loan Mediation Program, which I have worked with for 2 years, has proven its worth in reducing expense and delay. Both borrowers and lenders are permitted an opportunity to meet in a non-adversarial environment where settlement options can be discussed in confidence, proposals advanced, and solutions reached. In our experience, settlement is obtained in over 70 percent of the cases brought to mediation--at a fraction of the expense which would have been incurred had the matter been litigated.

Studies have shown a cost savings to the government of 3-4 dollars for every dollar expended in the program. This does not include the savings to the private parties involved. Let me give two examples of the types of situations addressed, and agreements reached:

Example 1. The farmer was indebted for an operating loan to a cotton gin. The loan was made two years prior, and had not been paid in full. The lender had a UCC-1 security interest still outstanding, which the lender claimed covered this year's crop as well as all future years. Because of this claim the farmer was unable to sell this year's cotton crop, and unable to obtain financing for the next year's crop.

Upon request by the farmer, the Mediation Program contacted the lender. Although no face-to-face meeting was conducted, through a series of letters and telephone calls, the lender and the farmer were able to reach an agreement which involved a partial payment to the lender, and resulted in a partial release of the UCC-1, thus enabling the farmer to sell the crop and obtain financing for the coming year.

Comment: Had the parties been required to litigate this issue in court, the resulting delay would have, in all likelihood, put the farmer out of business. The cost to the parties in legal fees would, conservatively, have been approximately $2,500 apiece. The cost of mediation: $160.00.

Example 2. The farmer was indebted to a commercial lender. An initial mediation attempt was unsuccessful, and the lender filed a lawsuit. The lender filed a motion for summary judgment which was granted by the court. Prior to filing the judgment, the Mediation Program was again asked to intervene, and a settlement was worked out wherein the lender agreed *not* to record its judgment with the county recorder contingent upon the farmer performing upon a mutually agreed-upon payment schedule, and the farmer providing collateral as security for the workout.

Comment: In this instance, there was a great deal of distrust between the parties due to their prior dealings. Although litigation was ultimately filed, the Mediation Program was ultimately successful in creating a workable situation for the farmer. Had the judgment been filed, the farmer would have had serious difficulty in obtaining any additional financing. The workout agreement provided satisfactory collateral for the lender pending payment.

These examples can be multipled many times over throughout the country where the farm loan mediation program works, and works well to negotiate satisfactory workout agreements to both borrowers and lenders.

Mediation is being embraced by business and other institutions throughout the nation. This is not the time to discontinue funding of a program which has been praised by all concerned as a model that "should spread faster and further across the government." Vice President Al Gore--National Performance Review.

Your support of renewed funding for this program for FY 1995 is encouraged.

Attached is the transcript of a NPR radio program regarding the mediation program. I would particularly direct your attention to the comments of Julie Golightly, a farmer who has benefited from the program.

Allen D. Butler

Allen D. Butler, Esq.
Program Consultant
Arizona Agriculture Mediation Program

KJZZ RADIO PROGRAM
Ag Mediation Program
11/1/93
TRANSCRIPT

Narrator:

"It's cotton season and harvesting machines across the Valley are hard at work. On this farm about 20 miles west of Buckeye, three of the large tractors move slowly side by side, plucking cotton from dried stalks. The farm is owned by the Golightly family, which has been growing cotton in the area for generations. But the family tradition could be coming to an end. The Golightly's are deep in debt and are concerned about the future".

Julie Golightly:

"What really basically started it was the cotton market went bad. The cotton market was terrible and still right now isn't that great. The government has come in of course, and offered certain subsidies that do help us out. If it wasn't for that, no one would be able to farm. But still, it didn't help us out all the way."

Narrator:

"Julie Golightly keeps financial records for the 3,000-acre family farm. She tried to work out a plan so the family could afford to pay back its creditors, but the banks refused. Julie says the family nearly lost hope until one day she saw an article in a farming magazine. The article described the Arizona Department of Agriculture's Mediation Program. A few days later, Julie contacted Allen Butler, an attorney with the mediation program".

Julie Golightly:

"And he began to set up meetings with all the people that we owed, and he began asking them what payments they would take, and would they give us cash discounts and he said that he was from the Department of Agriculture Mediation Program and it really made them listen and realize that we needed some help and that it wasn't like we had the money and we just weren't paying our bills. They began to realize that we sincerely wanted to pay them back and just needed some time to do it".

Allen Butler:

"It's a shuttle diplomacy kind of thing. I mean, I feel like Henry Kissinger when I do this".

Narrator:

"Allen Butler has been negotiating settlements between borrowers and lenders for the past 10 years. He now works under contract, administering the state Agriculture Mediation Program. Since the program began in August of 1992, Butler has worked on a dozen cases with a 70% success rate".

Allen Butler:

"The whole idea here is for the parties that have a dispute to sit down. It's important that there be a neutral party there [and that's the mediator] to keep people's tempers under control, to keep them from getting emotional, and then also to be a source of ideas for resolving the dispute, to help them communicate their positions and what they want out of--what resolution they want".

Narrator:

"The Ag Mediation Program began in the midwest during the 1980's when the Farmer's Home Administration began foreclosing on farmers struggling with the drought and low farm prices. The farm group sued the FmHA and the agency is now required to mediate disputes. Arizona is one several states to adopt the mediation program, and receives most of its funding from the federal government. Butler says mediation is saving farms from the auction block".

Allen Butler:

"There's a lot of hurting going on out there. A lot of people are in trouble--they don't know what to do. Some of them have farmed that land for generations--I mean they got it from their daddy and he got it from his, and they don't want to give it up and yet, now they don't know what to do. I think those farmers who have participated in this program have found that we have been effective in helping them reach agreements with their creditors. For some of them, it's enabled them to stay in the business."

Narrator:

"On the Golightly farm, the family is raising and selling cattle to supplement its income. The Golightly's also are beginning to grow hay and alfalfa to compensate for the poor cotton market. But Julie says it's the mediation program that has helped her family solve most of its financial problems."

Julie Golightly:

"If we wouldn't have been able to go to them and have access to that program, we would have been in reorganization, without a doubt. We would have had to have reorganized. It's the only way that we--you know, when you reorganize and they give you a certain amount of time (I think's it's like 3 years or something) to go and mediate and talk to the banks and your creditors and find out how you long you can pay and set up a payment schedule and the Court makes them do that. They have to do that. It's also on your credit record and it's hard to get refinanced the next year and it would have been just a very bad thing. The mediation program just stepped in and actually made it so we didn't have to reorganize".

Narrator

"While the mediation program is supposed to resolve debt issues without litigation, the Golightly's still face a lawsuit filed against them by one bank that would not settle out of court. But the family remains confident it can win this case and is recommending the mediation program to other farmers in the same position. For KJZZ, this is Steve Shadley".

South Dakota
Department of Agriculture

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Conservation	773-3258
Forestry	773-3623
Regulatory Services	773-3724
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April 25, 1994

The Honorable Richard J. Durbin
Chairman
Subcommittee on Agriculture, Rural
Development, and Related Agencies
House Subcommittee on Appropriations
Raburn House Office Building, Room 2360
Washington, DC 20515-6015

Dear Chairman Durbin:

Thank you for the opportunity to comment on the elimination of the Farmer's Home Mediation program grant. I respectfully request that the Agriculture Subcommittee restore funding to $4.0 million. Please make these comments part of the hearing record.

South Dakota is one of eighteen states fortunate to have a Farm Loan Mediation Program. This program has allowed nearly 2000 farmers and ranchers in our state an opportunity to come to a mediated agreement with their creditors. Sixty percent of those choosing to use mediation reached an agreement. A 1989 cost/benefit analysis conducted by USDA/FmHA documented that $3.20 - $5.92 is saved for each $1 spent in mediation. A study done by the Texas Agricultural Loan Mediation Program estimated $4.48 in benefits for every $1 spent. According to Chester A. Bailey, Mediation Coordinator and Special Assistant to the Assistant Administrator of Farmer Programs at FmHA, information he compiled shows the estimated benefit/cost ratio for the federal government was $5.76 for each $1 in federal grants spent in providing mediation services to the 18 certified states.

Mediation is a positive, cost effective, efficient way to solve disputes. The state mediation programs have initiated a significant cost savings to the federal government, and I believe the programs will continue to be successful in helping farmers and ranchers. Without mediation, farmers and ranchers -- as well as their creditors -- will be spending significantly more money to solve the financial problems that are being solved today through mediation. Last year's flooding in combination with this winter's heavy snows guarantee that many of our agriculture community will have a need for mediation services in the future.

Again, thank you for the opportunity to comment. The mediation program is a program that has proven itself to be cost-effective, and I feel it is money well spent. I hope you will vote to continue funding for this important program.

Sincerely,

Jay C. Swisher
JAY C. SWISHER
S.D. SECRETARY OF AGRICULTURE

South Dakota
GREAT FACES. GREAT PLACES.

Statement of the Hon. E. Clay Shaw, Jr.
Before the House Appropriations
Subcommittee on Agriculture, Rural Development,
Food and Drug Administration, and Related Agencies
May 3, 1994

Mr. Chairman, I appreciate the opportunity to testify in support of projects that are important to South Florida. I would like to thank Chairman Durbin and Ranking members Joseph McDade and Joe Skeen for this chance to submit my testimony.

Melaleuca Research

The proposal to which I refer is to maintain the budget of the Agricultural Research Service (ARS) in order to specifically earmark funds for Melaleuca and other noxious weed research and eradication in Florida.

ARS is investing financial resources to address a problem in Florida that is literally growing every day. I am referring to the noxious weed Melaleuca (Melaleuca quinquenervia), which is changing the fragile ecosystem in and around the Everglades National Park to the detriment of our water supply. The Everglades is on the brink of ecological collapse -- so sick it might soon be the first National Park to be considered environmentally dead. Already, the Big Cypress National Preserve and the Loxahatchee National Wildlife Refuge are seriously infested with this pest. Rampant, uncontrolled growth of the Melaleuca drains the Everglades' water without playing any significant role in the food chain. The prolific Melaleuca crowds out indigenous plants and wreaks havoc on the food chain that sustains animal life. It is turning a unique environment teeming with life into a dry, monospecific forest.

Melaleuca was introduced to Florida from Australia in the early 1900s. It was originally brought into Florida for several purposes: as a potential lumber tree, as a windbreak, as an ornamental, and to help dry up the Everglades, which was then considered a wasteland. Since it was introduced, Melaleuca has spread so rapidly throughout South Florida's native Everglades that it has become a serious pest. It now threatens to permanently replace and eliminate Florida's natural plant communities and the animals that live in them. Recent surveys of Melaleuca indicate that it infests between 400,000 to 600,000 acres in South Florida, with 80,000 acres being dense stands of the weed. These pure, monospecific forests of Melaleuca are often so dense that neither animals nor people can move through them.

Predictions of the spread of Melaleuca indicate that over 50% of the Everglades' wetlands would be infested by the end of the century. Officials from the Everglades National Park and the South Florida Water Management District have informed me that Florida loses an estimated 52 acres a day to Melaleuca.

Another serious problem with Melaleuca is that Melaleuca forests use four to five times more water per acre than do the sawgrass prairies which are usually found before Melaleuca takes over. The Everglades provides all of the water that supplies the Biscayne Aquifer, which is the primary water source for South

Florida. With an already overburdened water supply, the addition of Melaleuca to the water recharge system of the Everglades may further lower our regional water tables, straining these already overused water supplies even more.

According to experts most acquainted with the Melaleuca problem, the best, long-range hope for control and suppression of serious, widespread pest plants like Melaleuca is an approach called "classical biocontrol." What is entailed with classical bio-control is a careful survey of insects, and sometimes pathogens, in the pest plant's native habitat, which in this case is Australia. Once it is determined that such insects exist, the ones deemed most promising are tested in their native habitat to be sure they only feed on the one species of plant you wish to control. It is then tested on native horticultural and ornamental plants that occur in the area where control is desired, in this case, South Florida.

Once the Australian testing is completed, the best insect species would be brought into strict quarantine in specially designed USDA facilities and retested using strict criteria to again ensure that these insects only eat Melaleuca. Only after this thorough testing are any of the insects released to begin their work. This approach comes from an understanding of the natural history and biology of a species and does not rely on a "high-tech" quick fix.

Although classical bio-control is not widely known to the general public, it is being used on an ever-widening basis to control exotic plant pests. For example, the Army Corps of Engineers last year released a biological control agent for waterlettuce, a floating aquatic plant which severely infests Florida. Waterlettuce interferes with recreation, navigation, irrigation, impedes water flow, interferes with water control structures, and acts as a detriment to the public health by providing harborage to certain mosquito larvae. The Corps already spends millions of dollars each year on the removal of exotic aquatic plants in Florida, such as waterlettuce. Hopefully this expenditure can someday safely be reduced when biocontrol agents fully take effect.

Currently a Melaleuca biocontrol project is under way at the Fort Lauderdale Research and Education Center in Broward County, Florida, called the Aquatic Plant Management Laboratory, which is under the direction of the ARS, an arm of the USDA. Testing in Australia has begun, and over two hundred potential insects have been identified. Two insects, the Melaleuca weevil, and the Paperbark sawfly, are promising candidates for introduction to this country. The USDA has brought these insects to Florida for further testing. Funding and support for this project is provided by USDA, the Army Corps of Engineers, the National Park Service, Everglades National Park, the Florida Department of Natural Resources, the South Florida Water Management District, the Dade County Department of Environmental Resources, the Lee County Division of Resource Management, and the Florida Department of Environmental Regulation.

Unfortunately, the major factor that is impeding progress to find a suitable insect to control Melaleuca is the slow pace of research because of a lack of funding a noxious weed control. It is my understanding that this particular program has not been increased in over a decade. Although funding for Melaleuca bio-control research does have much broad-based local support, recently some donors have reduced contributions because of the poor economic climate. This decline in extramural funds, when coupled with reduced base support (because of inflation) from ARS, is slowing progress on implementation of insect biocontrols for Melaleuca. If this present funding trend continues, postponement of the introduction of insects that control Melaleuca may occur. With Melaleuca predicted to infest over half the Everglades by the end of the decade, funding needs to be increased if we are to turn the tide. Therefore, I am again requesting that this Subcommittee maintain the budget request for ARS at $89,000 that directs this money to be used specifically for Melaleuca and other noxious weed research as part of the Biological Control Program at the Aquatic Plant Management Laboratory in Davie, Florida. This funding is urgently needed to accelerate the evaluation and subsequent release of Melaleuca biocontrol agents.

Mr. Chairman, I have been actively involved with the Melaleuca issue, and the problem my home state faces because of noxious weeds, since 1989. I have attacked this problem on many fronts, and progress had been made. Most notably, I am pleased to report to the Subcommittee that after over two years of negotiations with the USDA, my request to add Melaleuca to the Federal Noxious Weed List was approved on March 13, 1992. I was supported in this effort by the entire Florida delegation and numerous environmental and governmental groups in Florida. Melaleuca was the first such weed in at least 12 years to be designated a federal noxious aquatic weed. While I am pleased that Melaleuca is now recognized by the federal government as a threat to Florida's native ecosystems, we in Congress must continue to assist in this battle however we can. Fully funding my requests for the budget for the ARS is the most logical and urgent step we can do right now.

The Emergency Food Assistance Program (TEFAP)

The Emergency Food Assistance Program (TEFAP) was created in the 1980's to distribute surplus cheese and other commodities directly to needy families. Since then, the program has distributed mainly dry staples, such as corn meal, flour, and canned meats.

The Florida Department of Agriculture has worked hard to turn TEFAP into a success story. By working with farmers and food packers at state farmers' markets, Florida has recovered more than five million pounds of fresh produce, which is cosmetically imperfect but perfectly nutritious, to distribute to the hungry. In addition to meeting the needs of the state's food banks and soup kitchens, Florida has distributed much of this nutritious fresh produce to needy families through the TEFAP program.

In recent years, due to repeated budget cuts, the amount of food available for distribution to TEFAP recipients has declined significantly. If the TEFAP is eliminated, Florida will lose this distribution system, and many needy people will lose the opportunity to share in the bounty. I don't believe that you will find a better example of a working partnership that links the federal government, state government, private non-profit organizations and private enterprise to serve a common good -- eliminating hunger, and I respectfully request that the funding for the TEFAP be maintained.

I appreciate your careful consideration of these requests.

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- Academic Programs
- Agricultural Experiment Station
- Cooperative Extension Service

NEW MEXICO STATE UNIVERSITY

Testimony to
House Appropriations Subcommittee on Agriculture, Rural Development, Food and Drug Administration, and Related Agencies

by
John C. Owens
Dean and Chief Administrative Officer
College of Agriculture and Home Economics
New Mexico Agricultural Experiment Station
New Mexico Cooperative Extension Service
New Mexico State University
Las Cruces, New Mexico 88003

15 March 1994

Mr. Chairman, distinguished members of the Committee, ladies and gentlemen, my name is John C. Owens. I am Dean and Chief Administrative Officer of the College of Agriculture and Home Economics, The New Mexico Agricultural Experiment Station, and The New Mexico Cooperative Extension Service at New Mexico State University. I want to thank the subcommittee for the opportunity to address the needs of the people of New Mexico, the Southwest, and the United States/Mexico border region. You have been gracious enough to afford me your time in the past and all of us at New Mexico State University appreciate the concern you show for the needs of our area.

I am testifying today on behalf of New Mexico State University to request $10,202,000 toward the construction of the Center for Sustainable Development of Arid Lands. As I noted last year, if we are serious about mainstreaming ethnic minorities into our scientific community, we must begin with quality teaching facilities. If we are serious about addressing the press of urbanization and other development on our fragile desert ecosystems, we must have quality research and diagnostic facilities. If we want to preserve the ecological integrity of the Southwestern United States, even as we make the area a critical zone of international commerce among the Americas, we must promote cooperative international scholarship in the region.

We at New Mexico State University are grateful to the subcommittee for recommending the appropriation to support the critical design phase of the center. A subsequent approval of state matching funds by the New Mexico State Legislature is allowing us to access the necessary funds to stay on schedule toward the completion of this important Center.

The commitment from you and other public officials shows a seriousness about addressing several challenges I outlined for the Subcommittee last year.

NMSU is a prime institution for educating an ethnically-diverse student body to become part of the nation's scientific community.

New Mexico State University is the nation's only land-grant university that also is a Carnegie I Research Institution and a designated Hispanic-serving institution. Overall, 37 percent of NMSU students have minority status, as do 45 percent of first-time freshmen.

Because the University is serving the real needs of a broad spectrum of New Mexico students, it is experiencing tremendous growth in enrollment. In fact, from 1975 to 1993, NMSU has accounted for 58 percent of all the growth in the number of students (full-time equivalents) at New Mexico's six four-year institutions. As a consequence, NMSU serves its students with only about 180 square feet of space per student -- the least amount of space of any institution of higher education in the state of New Mexico!

The new Center will directly address New Mexico State University's woefully inadequate facilities in service to this student student population. Today, NMSU cannot rehabilitate aging and short- spaced facilities to contemporary standards. As a result, we cannot adequately respond to the region's challenges and opportunities.

Still, New Mexico State University is the optimal place to develop the Center, because of the university's history, its human composition, its geographical location, and its organizational culture. NMSU is in a unique position to bring high technology to bear on arid lands issues. Higher education enjoys excellent support from the State of New Mexico. Despite ranking in the bottom five or six states in per capita income, New Mexico ranks in the top 10 percent in per capita contributions to higher education. NMSU is the land-grant university in a state with two national laboratories and numerous military facilities. NMSU, through Technet, is on the national electronic information highway, with two Centers for Technical Excellence. White Sands Missile Range has had a close relationship with the university since World War II, particularly through the NMSU Physical Sciences Laboratory.

The university is a very attractive location for foreign scholars. Many of the senior faculty and administrators of Mexican universities are alumni of NMSU, which is the closest land grant university to the United States/Mexico border.

Continued success of agricultural endeavors in the Southwest will depend on the ability to minimize adverse impact of agriculture on the environment. The future of agriculture and natural resource management depends on the ability to address resource and environmental concerns of water quality and quantity, urbanization, bio-diversity, ecosystem integrity, and economic use of resources.

Mexico and New Mexico share the same arid land resources, and many of the same mix of peoples and development challenges. The domestic and international agenda, therefore is in many ways interchangeable. The arid rangelands of the Southwest represents the world's most common land type. The College ranch is adjacent to the USDA/ARS Jornada Experimental Range, creating a vast outdoor laboratory with generations of documented data. Science in this laboratory is conducted by NMSU scientists from 10 departments in two Colleges and has attracted scholars from around the world. Agricultural Research Service researchers hold adjunct faculty appointments in the college of Agriculture and Home Economics.

NMSU is working with a Mexican arid lands consortium to create a regional agenda and it continues its association in the International Arid Lands Consortium with the University of Arizona, the University of Illinois, South Dakota State University, and Texas A & M University at Kingsville. These consortia will benefit from the enhancement of arid lands work at the Center.

The Center will attract teachers, researchers, and Extension educators to a common set of tools. As a result, a wide variety of outlooks will be drawn to share common interests. The Center will not be the province of those who are interested in agricultural production alone, or ecological integrity alone. Rather, it will serve to meld these interests in common scientific endeavor. The ability to maintain a quality environment is fundamental to the international competitiveness of our nation's agricultural industry. The inability to establish harmony between the goals of the agricultural industry and the ecological integrity of our natural resources will result in decline of both industry and the environment.

A final federal appropriation of $10.2 million is needed to move the Center construction to completion. The woefully inadequate physical facilities at New Mexico State University cannot support the excellence in research, teaching and technology transfer that we so greatly need. I urgently ask approval of the full amount requested for completion of this Center.

Thank you again for being good enough to entertain this request. I know that the time you have taken to listen and deliberate over this matter could have been directed toward many other worthy matters, so I am again grateful for your attention. Thank you.

For more information, contact:

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A STATEMENT OF CONCERN FOR SUSTAINED AND INCREASED RESEARCH BY THE AGRICULTURAL RESEARCH SERVICE/USDA AND in particular for the:

U. S. Food Fermentation Laboratory, ARS/USDA	
Department of Food Science	
North Carolina State University	Research Leader:
Raleigh, North Carolina	Dr. Henry P. Fleming

ON THE OCCASION OF Hearing March 1, 1994, U. S. House Appropriations Subcommittee on Agriculture, Rural Development and Related Agencies.

Your courtesy in allowing us to appear and present testimony at this Hearing is deeply appreciated. We thank the committee for their attention to the needs of the Agricultural Research Service.

The Sauerkraut Industry is solidly behind the research strategies set down by the Laboratory in our behalf to assist growers and processors in developing new methodology and techniques needed to continually improve our product. A sustained commitment is required for fundamental research to ever have practical application. The Agricultural Research Service of U.S. Department of Agriculture is a vital tool in this effort.

Members of the National Kraut Packers Association continue contribute to research by supplying materials and equipment each year. Last year we entered into a pilot plant project with the Food Fermentation Lab in Raleigh, North Carolina, to further enhance the work done by Dr. Fleming. This year we will further the intial work done at this location. This is another indication of our commitment to future improvements in cabbage fermentation work being carried out at the Raleigh, N.C. laboratory.

Consumption of sauerkraut is currently believed to be at 1.5 pounds per capita per year. Consumers are much more aware of the benefits our product brings to the family dinner table. Saurerkraut can be used as an ingredient in preparing a meal, served hot or cold directly from the container lessening meal time preparation. Sauerkraut is a source of fiber, minerals and contains vitamin C. It has also been shown that eating vegetables from the cabbage family appears to reduce the risk of some forms of cancer.

Although the U. S. Food Fermentation Laboratory, ARS/USDA is located on the campus of North Carolina State University, it is serving the needs of the growers, processors and consumers of the entire United States and because of its reputation of accomplishments is recognized now in many parts of the world.

This ARS Laboratory, in a few short years, has provided practical applications for packers in major producing states in the North Central and Eastern regions. The newly developed system of topping kraut juice tanks with nitrogen heads keeps this useful food from being put into waste lagoons and enabling the Vitamin C content to be preserved and used. Flexible tank covers continue to be refined, increasing the amount of usable sauerkraut further. Research on the use of specially selected bacterial starter cultures may lead to a further reduction in waste. Research on processing cabbage using less salt than current industry standards for safe and stable shelf life is another area of work that will take considerable effort before practical processes and products can be made available to the industry and consumer respectively.

Of particular emergency concern are the continuing pressures arising from the State and Federal EPA establishment of water quality levels with low chloride limits. The sauerkraut industry feels the long term solution will be found in the manufacturing portion of the process used to make sauerkraut, making the disposal of effluents much safer for the environment. Any change in processing methods must incorporate controls for safety of products for consumer consumption and be economically feasible for the processor.

A priority of assignment to overcome these environmental issues puts the commitment for one Microbial Ecologist, at the top of the list. We implore your concern for this need. Preliminary investigations indicate that with the skills of a microbial ecologist applied to these environmental problems and food safety, the answers can be found and implemented in practical commercial processing. The scientific skills required are beyond the abilities of the processing industry itself and a cooperative effort is the most likely solution to solving these concerns. Additionally, a Bio-engineer should be employed to round out this team. A Bio-engineer would be responsible for conceptualizing improved designs for fermentation, handling and processing techniques and methods.

The work at this laboratory also operates with Cooperative Memorandum Agreements with the Pickle Packers International, Inc. and the National Kraut Packers Association, Inc. for industry funding. National Kraut Packers helps to support a graduate student in the Food Fermentation Laboratory though funding efforts supported by association members.

We understand the U.S. Food Fermentation Laboratory is currently funded at the level of approximately $463,000 per year. The work is directed to solving fundamental problems in all pickled vegetables.

A critical funding situation exists at this laboratory and can be explained as follows:

A figure used by ARS/USDA to employ one scientist with salary, perks and overhead is now $250,000.00 per year. This is referred to as one Scientist Year, or SY for short. Only a small portion of this is salary. Administrative "skim" comes off the top.

There are three scientists employed at the Scientist Year basis working on pickled vegetables, Dr. Fleming, Research Leader; Dr. McFeeters, and Dr. Breidt.

WHAT IS NEEDED:

Funding to bring the laboratory to a support appropriate for five Scientist Years	$1,500,000.00
Current funding level	463,000.00
Additional Funding Needed	$1,037,000.00

It is essential that every effort be made to correct this funding short fall in as short a time span as possible because of the immediate and recurring emergency situation facing growers and processors.

Thank you for the opportunity to appear before your Committee to explain our progress and our industry's needs.

**National Rural Electric
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Testimony of

**J. C. Roberts, President
National Rural Electric Cooperative Association**

submitted to

Committee on Appropriations

**Subcommittee on
Agriculture, Rural Development, Food & Drug Administration and Related Agencies**

Washington, DC
March 3, 1994

EXECUTIVE SUMMARY: Rural electric systems continue to provide high-quality, dependable electric service to more than 25 million rural Americans, their lines stretching across 70 percent of the nation's land mass to serve 10 percent of the population. These systems continue to face obstacles of low consumer density and, hence, low revenue per mile, low percentages of commercial-industrial consumers resulting in low load factors, high investment per consumer and a lagging rural economic recovery.

Rural electric systems continue to leverage federal, state and local resources to create jobs and opportunity in rural America. REA's rural development loan program created in 1987 has resulted in 8,500 new jobs at a federal investment of $4,073 per job created, and rural electric systems have leveraged federal money 7.3 to one.

Rural electric systems have undertaken initiatives to help their communities tap into innovative communications technology, providing satellite television and participating, directly and peripherally in encouraging distance learning and medical link programs.

An agreement ratified by Congress, rural electric systems and the Administration last year set rural electric loan levels for the next five years. That agreement, which reduced the government's cost of the rural electric program by 43 percent, will result in higher interest rates for rural electric borrowers. Administration budget proposals fail to recognize that agreement. Rural electric systems call on the Administration and Congress to stand by the agreement and request $125 million in lending authority for insured rural electric loans for systems meeting certain hardship criteria and $600 million in lending authority for cooperatives meeting a variety of prioritized standards at the same interest rate paid by municipalities. NRECA and rural electric systems also request $900 million in loan guarantees based on demand indicated in NRECA's loan fund survey; $15 million for the Rural Development Subaccount.

Mr. Chairman, Members of the Committee, I am pleased to submit this testimony on behalf of the nation's 1,000 consumer-owned, not-for-profit rural electric systems, which provide electric service to more than 25 million consumers in the rural areas of 46 states. I am Jim Roberts, president of the Board of Directors of the National Rural Electric Cooperative Association (NRECA), the Washington-based national service organization of these rural electric systems. I am also general manager of South Plains Rural Electric Co-op, Lubbock, Texas.

Before I discuss NRECA's recommendations for Rural Electrification Administration (REA) lending levels, I would like to provide you and the members of the Committee with a brief report on the "State of the Program."

* Rural electric systems continue to provide high quality and reliable electric service to more than 10 percent of the population of the nation. Rural electric distribution lines span some 70 percent of the nation's land mass.

* Recent data show that rural electric systems continue to operate under the same disadvantages that have traditionally existed in the program. Rural electric systems now serve an average of only 5.6 consumers per mile of line compared with 34 customers per mile of line for investor-owned systems and 46 customers per mile for municipal systems.

* Revenue per mile of line for an average rural electric co-op amounts to $6,861 annually, compared to the $59,332 collected by investor-owned utilities and $71,393 earned annually by municipal systems. Conversely, co-ops have invested $1,917 in distribution plant for each consumer, compared to $1,477 per customer for investor-owned systems and $1,419 for municipal systems.

* Today, more than 70 percent of all rural electric systems have higher rates than their neighboring utilities. This disparity can be traced to several factors:

    * The inherent disadvantages of serving sparsely populated areas;

    * The fact that rural electrics serve relatively few commercial and industrial loads compared to other utilities, and

    * The fact that nearly 70 percent of the generation capacity of rural electric systems has been placed into operation during the past 15 years--a period of inflated construction costs and high interest rates--to comply with the clean air requirements of the 1972 Clean Air Act, and so has modern pollution control equipment.

* Rural electric systems serve areas hard hit by an ailing rural economy. This has drastically reduced load growth for many rural electric systems, with 66 of the nation's 900 rural electric distribution systems actually losing consumers. We hope improvements in the general economy will emerge in the rural economy and reverse this trend.

Rural electric systems comprise an integral, vital infrastructure component in rural America. Rural and national leaders look to cooperative electric systems to play a leadership role to implement programs that will provide jobs.

Rural communities by and large compete with an inherent disadvantage in the acquisition of new business and the development and expansion of extant local businesses. And, many rural communities continue to confront continuing out-migration as well as a much less robust economic recovery than the rest of the nation.

The Rural Electrification Loan Restructuring Act of 1993 recognizes that rural electric systems are unique community institutions with a long record of service and history. Because they are owned by those they serve, they pursue a civic agenda that involves more than the vital role of providing electric service. Their civic agenda involves jobs creation and community development, provision of other vital utility services such as water and waste treatment, telecommunications, housing and a host of other desirable community services.

Also, rural electric systems have been extremely active in helping their communities onto the "on" ramp for the information superhighway. For a number of years, rural electric systems have been providing modern satellite television programming for thousands of rural Americans who cannot and will not ever receive cable television. Rural electric systems have been involved with local education and health care institutions in distance learning and medical link programs.

Rural electric systems have been extremely active--and extremely successful--in leveraging federal rural development loans into economic stimulus packages that benefit local communities and create jobs and economic opportunity. A small zero-interest rural development program "for the purpose of promoting economic development and job creation projects" authorized and funded by Congress in 1987 has resulted in REA's approving more than 320 projects (through FY 1993) totalling $34.4 million. Accordingly,

* These REA dollars have leveraged $250 million in other capital that will create 8,500 direct jobs;

* This program has created more than 245 direct jobs per one million dollars of federal investment (a federal investment of $4,073 per job created); and

* The program has proven highly successful in leveraging capital: 7.3 non-REA dollars for each dollar of REA capital.

We support the proposed reorganization of the U. S. Department of Agriculture that would create a Rural Utilities Service. Also, clustering rural development programs under one roof will support the development efforts of rural electric systems and others.

In addition, REA loans to cooperative systems for electric purposes contribute effectively to job creation in rural areas. For every million dollars of REA electric loans, 51 jobs are created, about half in construction and the rest in the supply of goods and services to electric utilities. These are not part-time, minimum wage, make-work jobs: These are jobs for skilled an unskilled workers that pay well and carry benefits for employees.

These jobs generate dollars that stay in rural America to feed the small town merchant and improve the tax base, and stimulate jobs in urban areas. Rural electric jobs provide a vital cash injection into a moribund economy at once and with long-term beneficial effects.

Rural electric systems can be strong players in the economic development of rural America, and while there is an inherent willingness to continue that role, a nagging consideration breeds hesitancy.

And that is a frustration of rural electric systems over continuing uncertainty concerning the availability of loan funds for our primary mission, the provision of dependable, affordable electric service.

Last year, in an attempt to help meet the Congressional and Administration objective of deficit reduction and program cost reduction, rural electric systems, the Congress and the Administration agreed to a five-year plan that both ensures an affordable, dependable, source of capital for rural electric systems and results in lower cost to the federal government.

That agreement was struck. It was contained in legislation H.R. 3123, now PL 103-129, the Rural Electrification Loan Restructuring Act of 1993. In most parts of the country where rural electric systems operate, a handshake might have done, but this agreement is in black and white, signed, sealed and delivered.

Rural electric systems willingly accepted this agreement, even though it resulted in potentially higher costs for their borrowing.

P. L. 103-129 authorizes:

- "Electric Hardship Loans.--For loans under section 305(c)(1) [of the Rural Electrification Act of 1936, as amended]--for fiscal year 1994, $125,000,000; and for each of fiscal years 1995 through 1998, $125,000,000, increased by the adjustment percentage for the fiscal year.

- "Electric Municipal Rate Loans.--For loans under section 305(c)(2): for fiscal year 1994, $600,000,000; and for each of fiscal years 1995 through 1998, $600,000,000, increased by the adjustment percentage for the fiscal year."

It is abundantly clear that Congress intended that $125 million is set aside for rural electric systems meeting defined hardship criteria. It is further abundantly clear that rural electric systems not meeting hardship criteria, but qualifying under other graduated criteria, would be eligible to borrow from REA at the same rates municipally owned systems use for their borrowing through the issuance of tax-free municipal bonds. The lending programs of the REA, as was strongly suggested by this Committee last year, have been prioritized, with rural electric borrowers qualifying for loan funds based on need and with systems most in need receiving the most assistance.

But, Administration budget proposal for FY 1995 fails to recognize that agreement, and has proposed higher interest rates for insured loans and a severe cut in loan guarantees, from last year's $813 million floor to $275 million for FY 95. NRECA's loan fund survey, an instrument employed to determine loan demands of rural electric systems, shows that cooperatives intend to make applications for loan guarantees of about $900 million for new generation and transmission facilities. Based on that data, we would respectfully ask that the Committee authorize $900 million for loan guarantees, which, according to the Congressional Budget Office, result in very little, if any, cost to the federal government.

Rural electric systems thought they had a deal, and I believe Congress thought they had a deal. They alone, in the electric utility industry, suffered a loss in government assistance, a reduction of 43 percent in government cost, even though their assistance, through the REA loan program, amounts to the least per consumer among electric utilities. **(Current federal assistance to co-ops amounts to $39 per consumer. Investor-owned utilities collect taxes that are never paid and benefit from accelerated depreciation amounting to $60 per customer, and municipal systems' tax free bonds amount to assistance of $92 per customer.)**

We respectfully point out to the Committee that rural electric systems have made a genuine effort to help with the deficit problem, have agreed to shoulder a heavier responsibility for rural economic development and have had to watch almost helplessly while some predatory municipals take advantage of tax-free financing to confiscate cooperatives' customers and properties.

The Annual Meeting of NRECA brought together about 11,000 rural electric leaders from across the nation during the week of the Administration's budget proposal. A resolution passed unanimously by the membership at that meeting summarizes the mood of delegates. "Enough is enough," the resolution says, continuing, "We responded to the call last year and accepted a five year budget plan which was approved by the Administration and the Congress and our membership . . . We are honoring the agreement and expect the Administration and Congress to do the same."

Fairness suggests that rural electric systems have done their share, and that they should have access to the loan levels of last year's agreement.

These are loan levels we are requesting:

Insured Loan Levels
$125 million -- Electric Hardship Loans
$600 million -- Electric Municipal Rate Loans

Loan Guarantees
$900 million

These are loans that are paid back on time and with interest, not direct costs to the government. Congress appropriates the cost of those loan funds. This fiscal year it amounted to $70 million, down from $117 million last fiscal year.
These loan levels and that appropriation are what NRECA respectfully request of this Committee for Fiscal Year 1995.

We further request funding of **$15 million** for the highly successful Rural Development Subaccount.

I will be happy to respond to any inquiries or answer any questions the Committee may have. I thank the Committee for its continuing support of the rural electrification program and for the opportunity to submit this testimony.

NCBA
National Cooperative Business Association

STATEMENT OF TESTIMONY

by

RUSSELL C. NOTAR
PRESIDENT AND CEO
NATIONAL COOPERATIVE BUSINESS ASSOCIATION

to the

AGRICULTURE, RURAL DEVELOPMENT, FDA AND
RELATED AGENCIES SUBCOMMITTEE

HOUSE APPROPRIATIONS COMMITTEE

MAY 2, 1994

Mr. Chairman, members of the committee, we appreciate the opportunity to present testimony as you prepare to consider the agriculture appropriations bill for fiscal year 1995. At NCBA, we recognize the fiscal restraints you face as you allocate limited resources. Indeed, our cooperative businesses face the same constraints as they seek to protect their own financial health while at the same time providing new opportunities for the creation of cooperatives in this country and around the world.

You see, those of us in the cooperative community feel the cooperative model offers tremendous potential for allowing people to achieve together that which they cannot do on their own. Cooperatives have been very successful ... nationally, some 45,000 cooperative businesses generates over $100 billion in economic activity each year.

The mission of NCBA is to represent, strengthen and expand the cooperative form of business and to link its members with cooperative organizations in the United States and around the world into mutually beneficial relationships. To that end, we endorse and support the statement of the National Cooperative Rural Development Task Force relative to funding under section 2347 for regional cooperative development centers.

NCBA supports increasing funding for Fiscal Year 1995 to the $5 million level recommended by the Administration ... roughly 10 percent of the authorized level. Cooperatives across America have pledged matching funds for that spending, and it's time to put that capital to work in our rural areas.

NCBA and its members actively supported passage of the Rural Development Act as part of the 1990 Farm Bill, and we established the National Cooperative Rural Development Task Force to pursue the

Representing America's Cooperative Business Community

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establishment of the regional centers as authorized in Section 2347. For fiscal years 1993 and 1994, we came to the hill seeking appropriations for the centers since the previous Administration never sought to fund the program. Our efforts resulted in the appropriations of $1 million in FY 93 and $1.5 million in FY 94.

We are pleased that the Adminstration has this year requested funding, and we hope you will provide the $5 million. The centers that have been created through our efforts represent a tremendous opportunity to put that funding to work immediately creating cooperative economic development. The centers approach is inclusive and welcomes the participation of new centers to meet to needs. The centers approach is also self-policing in that all proposals are subjected to an independent evaluation and must be able to demonstrate sustainability and workability before they can share in the funding.

We believe the centers approach reflects the intent of the Congress in passing the Rural Development Act of 1990 in that it uses a modicum of federal funding as a catalyst for existing resources in rural communities to work together in promoting local, replicable economic development.

The National Cooperative Business Association (NCBA) is a national, cross-industry membership and trade association representing cooperatives--over 100 million Americans and 45,000 businesses ranging in size from small buying clubs to businesses included in the Fortune 500. Founded in 1916 and known for many years as the Cooperative League of the USA, NCBA's membership includes cooperative businesses in the fields of housing, health care, finance, insurance, child care, agricultural marketing and supply, rural utilities and consumer goods and services as well as state and national associations of cooperatives.

NATIONAL RURAL COOPERATIVE DEVELOPMENT TASK FORCE

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A Statement of Support for funding in the FY95
Agriculture Appropriations bill for
"Rural Technology and Cooperative Development Grants"

Submitted to the
Subcommittee on Agriculture, Rural Development, FDA and
Related Agencies

House Committee on Appropriations

by
Rod Nilsestuen, Chairman
National Rural Cooperative Development
Task Force

April 29, 1994

We support the $5 million in the President's FY95 budget for "Rural Technology and Cooperative Development Grants" as authorized under Section 2347 of the Food, Agriculture, Conservation and Trade Act of 1990. The program which received an appropriations through the Extension Service in FY93 and FY94, is an investment for sustainable rural economic development.

Rural technology and **cooperative development** are closely intertwined. Demand for technology and the willingness to develop new products are sales driven. Without a return on investment, few will risk change. The critical constraints to expanding sales in rural areas are isolation and diseconomies of scale.

At the turn of the century, **family farmers forged cooperatives to develop horizontal links to each other** to reduce isolation and improve economies of scale. Working together, they improved access to capital markets, electricity and telephone services, production records, improved genetics and other services. They pooled their purchasing power to buy fuel, seed, fertilizer, insurance, and other products at a lower cost. In commodity groups, they worked with the land grant system to target research to overcome critical constraints that hampered productivity.

Just as importantly, farmers organized **marketing cooperatives to develop vertical links** that enable a farmer in South Dakota to sell his wheat to every continent across the globe without leaving the farm. These vertical links created the sales that fueled demand for ever-improving technologies, making U.S. agriculture the most productive in the world.

Today, farmers faced with declining incomes, small manufacturers, minority communities, and small towns in rural America have the same need for horizontal and vertical linkages. Without new kinds of economic links to each other and the world beyond, they will spend more producing their goods and services than their competitors who have better access to markets, information, technology, capital, skilled labor, and other inputs.

No amount of one-to-one business assistance can be sufficient to overcome the barriers of isolation and diseconomies of scale, and expand sales in national and international markets. No amount of community development targeted at individual communities will link service producers and rural communities so they can pool their resources to expand and improve their services. Only by working together within sectors to forge horizontal and vertical linkages can the barriers of isolation and diseconomies of scale be overcome.

National Pilot Program --
A Network of Regional Centers for Technology and Cooperative Development

A national pilot program to establish a network of regional center for technology and cooperative development was initiated with $700,000 of funds appropriated in the FY93 Agriculture Appropriations bill and matched by $700,000 in private funds.

Sponsored by the Cooperative Development Foundation, eight centers initiated projects to demonstrate how linkages by sector and within disadvantaged population groups can retain and expand jobs, create new market opportunities, enhance income, and improve services. The following highlights those sectors and population groups:

Sector/ Population Groups	1993 Technology & Cooperative Development Projects
Health Care	Create a cooperative that serves the needs of rural Emergency Medical Services (EMS) providers in California.
Small Manufacturers	Create expanded sales and work force training and assist in technology transfer for small wood products and metal fabricators linked together in the Mississippi Delta.
Micro-enterprise	Assist a network of home-based food processing businesses to expand markets and establish a cooperative rental kitchen in California.
Communications	Employ new telecommunications technologies to link existing cooperatives together and develop joint marketing opportunities in the Northeast.
Value-added Agriculture	Move University-based research on value-added products to commercialization through cooperatives and enhance farmer income in the Dakotas, Upper Midwest and Great Plains.
Employee-ownership	Through cooperatives, transfer ownership of businesses from retirees to employees in the Pacific Northwest.
African American	Strengthen the cooperative marketing operations for 14,000 minority craft and agriculture producers in 11 southern states.
Hispanic	Create employment opportunities through commercialization of new forest products and worker-owned cooperatives in the West and Pacific Northwest.

Should the project receive FY94 funds from USDA, the national network of centers for technology and cooperative development will expand into an additional low-income population groups to share knowledge and replicate success.

Investment in Sectoral Strategies

We urge members of the Subcommittee to fund the $5 million requested by the President as an investment in rural economic development based on sectoral strategies.

As the list above indicated, new opportunities exist to reduce isolation and gain scale efficiencies through innovative cooperative efforts. Creating jobs in today's economy demands that we invest in developing vertical and horizontal linkages in other sectors, just as we have in agriculture.

Linkages by sector create demand for technology: For example, new sales of wood products will create demand for computer numeric controlled routers and panel saws among Arkansas wood manufacturers. A lean pork marketing cooperative will fuel Iowa farmers' interest in advanced production techniques. A North Dakota food ingredient plant, organized as a cooperative, will utilize the latest processing technologies, Minnesota farmers will band together to process specialty meats using research developed by the Agricultural Utilization and Research Institute at the University of Minnesota.

Linkages Especially Important to Disadvantaged groups: Minority and persistent poverty communities are the most isolated in rural America. Rural minorities and low-income workers are banding together to pool human and financial resources in competitive economic units, strengthening community development credit unions and marketing cooperatives among African Americans in the South, Hmong population in the West, and worker-owned production cooperatives among Hispanics in the Pacific Northwest. To survive in today's global economy, these emerging cooperative businesses will have to develop horizontal and vertical linkages beyond the community and create partnerships that provide access to workforce training, advanced technology, adequate capital, and markets.

Linkages Among Centers Expand Results: Just as isolation and diseconomies of scale plague farmers, businesses, and communities, small Centers also can be constrained by these factors. Built into this national pilot is a system to link the Centers to replicate success, share knowledge and avoid failures. The process developed to establish secondary wood producer networks in Arkansas need not be re-invented by those in Washington and Oregon. Building the capacity to move research on value-added processing from universities into commercialization through cooperatives in Iowa and Minnesota needs to be communicated to the Center in Kansas. The strategies used by Latino workers in the Pacific Northwest to join forces to bid on reforestation contracts may prove invaluable to low-income reforestation workers in the Southwest and Southeast. The feasibility studies and marketing plans used to set up a food processing kitchen in California may help home-based food processing businesses in Appalachia.

Linkages through Public-Private Partnerships Use Existing Resources: The nineteen projects funded with FY93 funds were developed at the grass roots level by forty-seven partners. In addition to securing an one-to-one match for the $700,000 in federal funds, these partners are contributing in-kind resources. Internal criteria for funding required a diverse partnership in addition to Centers built on projects, not bricks and mortar. The success in attracting forty-seven partners to sponsor projects demonstrates that a minimum federal investment of program dollars can be effectively leveraged for sustainable rural economic development.

Conclusion

It is significant that the Clinton Administration proposed "Health Insurance Purchasing Cooperatives" as a key component for health care reform in this country. Cooperatives historically provided countervailing economic clout for the agriculture producers since the early 1900s and can do so again in many different sectors such as health care.

The $5 million proposed by the President for "Rural Technology and Cooperative Development Grants" as authorized by Section 2347 of the 1990 Farm Bill is an re-investment in a strategy for rural economic development that has served the agriculture sector well for decades.

The federal precedent of investing in technical assistance for cooperative development linked to additional sources of capital such as the revolving loan funds within the Rural Electrification Administration or the access to Treasury discount windows for the Farm Credit System was effective and sustainable. We hope members of the Committee agree and support this small investment to demonstrate how this strategy can be replicated in other sectors of the rural economy and among diverse, disadvantaged population groups.

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